WHO OWNS AMERICA?

A New Declaration of Independence

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A New Declaration of Independence

EDITED BY

HERBERT AGAR & ALLEN TATE



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Introduction

BY HERBERT AGAR

WHEN the social and economic system is on the rocks, those who try to build a better world should make a picture, in human terms, of what they want that world to be. This picture is more important than any Reform Bill. If a reformation is to endure, it must be based on sound political and economic theory; but if a reformation is even to begin, it must be based on an ideal that can stir the human heart.

No country can be reformed by the people who hate it — a fact which our left-wing intellectuals tend to miss. The haters can supply useful criticism; they can show the frauds and injustices which corrode society. They can even persuade men to overthrow a world which has grown sick with injustice. But only those who have affection for the national ideal can persuade a people to reform.

It is our belief that the American ideal is still one of the best acts of man's imagination. It is our belief that the plain man throughout America is still moved by this ideal as by no other promise. If he can be taught that there is a chance to realize the ideal, he will insist that the chance be taken. But when he sees all the good words associated with America applied to all the bad features of cosmopolitan plutocracy, he begins to feel that perhaps the whole effort was a mistake. A

few more Liberty League dinners and the plain man will turn against liberty.

According to the American dream, the large majority should be able to count on the freedom of men who do not have to be anybody's dependent, or anybody's toady; they should be able to count on the reasonable permanence, both of residence and occupation, which makes a stable family life possible; they should be able to count on having the chance to do creative work, and to enjoy responsibility; they should be able to count on living in an atmosphere of equality, in a world which puts relatively few barriers between man and man. Today that dream is derided by two groups: first, by the communists, who say that any attempt to realize it must be vain, since the attempt would contradict the laws of Marx; second, by the friends of Big Business, who dishonor the dream by saying that it has been realized, that it lies all about us today.

It is the second form of opposition which is dangerous. We must not allow our people to be persuaded that freedom, self-government, equality, mean nothing better than what we have attained. We must remind them that the monopoly capitalism of modern America is almost the antithesis of our ideal.

So far from providing freedom, monopoly capitalism does not even desire it. To be sure, a cardinal tenet of its economic theory is that both capital and labor should be 'free.' But this only means that they must be allowed to flow backward and forward from area to area and from industry to industry, wherever the highest rate of profit is to be found.

In terms of labor this means that a workman had better be 'free' from a home, because if he had a home he would not be sufficiently mobile. He had better be free from personal responsibilities; above all, he had better be free from children. Landless and toolless,

vagrant as the red Indian, his successive livelihoods at the mercy of an 'economic law' which we have basely allowed to take the throne from morals — this man has, of course, the vote. And the Thirteenth Amendment protects him from involuntary servitude. Yet his is not quite the sort of freedom for which our Fathers founded America.

So far from offering the chance to do creative work, monopoly capitalism subjects more and more laborers to a humiliating, nerve-racking boredom. The boredom to be sure, is qualified by fear — fear of losing their jobs, fear of annoying their straw-boss, fear (sometimes) that their private habits may not meet the taste of an impudent and nosy employer.

The man lies who says that such things are compatible with the American dream. And his lie corrodes the roots of life, for it implies that good is the same as bad and that nothing is worth even a little trouble.

Among the authors of this book there are Protestants, agnostics, Catholics, Southerners, Northerners, men of the cities and men who live on the land. There are professional men, editors, teachers, men of affairs, and men of letters. There are two Englishmen, who give the European background of the problems which afflict our country. Our common ground is a belief that monopoly capitalism is evil and self-destructive, and that it is possible, while preserving private ownership, to build a true democracy in which men would be better off both morally and physically, more likely to attain that inner peace which is the mark of a good life.

We do not claim that the practical suggestions made in this book are necessarily right in detail. We know they may need modification when put in practice. We are not even in agreement among ourselves on all specific recommendations. But we are confident that our principles are right, that the world we aim at

creating is the best world for America. And we ask all those who accept our principles to join us in opposing those who do not. Unless the people who cherish the American dream have the generosity to work together now, they may soon be working side by side in the concentration camps.

There are still a number of advanced liberals who look with foolish complaisance on the drift toward monopoly, telling themselves that all this concentration of power will in the end make smooth the path toward socialism. The story of post-war Europe should teach them the vanity of this hope. When democracy goes down before monopoly capitalism, the result has not been socialism. The result has been a greedy tyranny, preserving all the vices of capitalism and extinguishing the virtues.

'America,' writes Mr. Santayana, 'is the greatest of opportunities and the worst of influences.... It imposes optimism, imposes worldliness, imposes mediocrity. But our mediocrity, with our resources, is a disgrace, our worldliness a sin, our optimism a lie.... Is our Tower of Babel — our science, our comforts, our machines — to collapse in dishonor, and to be remembered, if at all, only as a vast blunder?'

The question is pertinent. We believe a favorable answer is possible, but only if we dare face our problem in moral terms, if we dare reform our life with a view to making our historic ideals come true. Only so can we realize the greatest of opportunities, and resist the worst of influences.

Part One

The Fallacy of Mass Production

DAVID CUSHMAN COYLE

AN UNPRECEDENTED collapse of business and a drastic shrinkage of the power to produce followed the growth of mass production and of large-scale industry. The question naturally arises whether mass production is practical, or whether it must inevitably lead to poverty and distress.

At first thought the idea that improvement in the technique of production should cause poverty seems too incongruous to be accepted. The apparent incongruity is caused by confusion between the technique itself and the system of industry by which it is used. Automatic factory technique, with increasing use of electric instruments instead of men as machine tenders, is efficient. It will turn out almost any kind of standard goods at low cost. But automatic production is not mass production. Mass production, as the term is ordinarily used, means the modern technique applied on a large scale by a large corporation. The poverty that follows the introduction of modern technology is not caused by technology, but by the financial and business practices that go with large-scale operation.

Mass production involves two kinds of economies — one internal, the other external. The internal economies are the result of technical factors: the 'straight-line' process, leading the material through the factory from step to step without doubling back; the introduction of

instruments and continuous machinery; and improved methods of personnel management. Internal economies generally represent a physical saving of material, labor, and time. These are real savings, because the salvaged material, labor, and time may, with proper management, be turned to some useful purpose.

External economies are savings that occur, not in the shop, but in the purchase of raw materials and in marketing the product. They have little or nothing to do with the technology of production. A large corporation, because of its ability to deal in large quantities, can often obtain favorable prices in buying and selling. Favorable railroad rates are sometimes obtainable for the same reason.

There is a real saving of labor when materials are purchased in large lots. The farm or the mine can save expense by avoiding the trouble of peddling to a number of customers. Similarly, a railroad can handle goods more cheaply in trainload lots. External economies are to this extent real economies. But to a larger extent, they are merely the result of the bargaining power that comes with size. The small producer must accept whatever price is offered because he is cut off from access to any alternative market. In dealing with transportation agencies and with buyers, the large corporation has the benefit of being able to hurt anyone who fails to make suitable concessions. External economies of this kind are merely more or less polite forms of holdup.

The first fallacy of mass production, then, lies in the conception of economy. Internal economies are mainly matters of technique, mechanical and managerial, which can be found in small as well as in large factories. The advantage which large factories enjoy is their external economies. From the national viewpoint, most of the external economies of mass buying, mass transportation, and mass selling are not economies at all. What is saved by the monopoly buyer is lost by the farmer or the

miner who supplies the raw material. What is saved in transportation is only in part a real saving; part of it is simply a tribute levied by the stronger party on the weaker. What is gained by monopoly prices to the consumer is lost by the consumer. A large part of the external economies of mass production is made up of gains at the expense of weaker factors in the economic system. That is, much of the value of mass production is the value of being strong enough to operate a racket.

A second fallacy lies in the common observation that mass-production industries are apt to survive better than small-scale industries, and to pay better wages and offer better working conditions. The natural conclusion is that large industries are the stabilizing factor in the economic system, and that if there were more large industries and fewer small ones the system as a whole would be more stable and would offer better wages and better conditions.

Actually the strength of the large industries is not an element of strength in the nation, but an element of weakness. As the number of great 'stable' monopolies and semi-monopolies has increased, so has the instability of the economic system. The reason is that the large business units attain stability at the expense of the small units. The local factory may be weak and liable to go bankrupt; the trust may be healthy and well regarded at the bank. But the trust is not, therefore, the strength of the nation. The squalor of the share croppers, the sweating of the needle trades, the poverty of the coal miners, are not proofs of the inefficiency of small operations. They are proofs that the weak are oppressed by the strong.

Sometimes the strong oppress the weak by direct action; sometimes by indirect action, through evading the law of supply and demand. The law of supply and demand is one of the fundamentals of a capitalist system. The price of goods has to rise or fall freely in

proportion to the supply and to the effective demand. By the same token, those companies that cannot follow a falling price without going bankrupt must go bankrupt. The law of capitalism is that, when the buying power of the people is diminished, prices must fall. If some prices fail to fall, others must fall farther to compensate. Consequently, if any large fraction of a capitalist system is able to organize and fix prices, the remaining fraction is forced to take all the brunt of price fluctuations. Large-scale industry has notoriously indulged in price and production control. With the onset of hard times, the large industries were able to cut their production schedule and to avoid severe price reductions, often saving themselves from bankruptcy. But small industries were unable to control their output; the full force of the deflation fell on them. Big Business, by escaping the common law of capitalism and avoiding price-cutting and bankruptcy, threw its share of the burden onto the weak. The extraordinary demoralization of small-scale industry in many fields, which we have seen since 1929, is in part the result of the ability of large-scale industry to rig the market.

The second fallacy of mass production, then, is the idea that strong, stable industries make a strong, stable nation. Actually, as industries have grown stronger and better able to stabilize prices, the nation has grown weaker and more subject to chills and fever. Strong, stable industries weaken the economic system by throwing all the burden of maladjustment onto the weaker parts of the system. Price-fixing is a degenerative disease of capitalism; mass production has helped to paralyze production by giving an opportunity for price-fixing.

There is an obvious way out of the disorganization that now paralyzes our capitalist system. If the strong oppress the weak, why not abolish the weak? If price-fixing disorganizes the free-price system, why not abolish

the free-price system? Why not organize the remaining small producers into great corporations that can hold their own? That would be a way out, but the implications of that way out should not be overlooked. To abolish the weak, to abolish competition, to abolish the free-price system, to abolish the law of supply and demand — all that means is to abolish capitalism and bring in communism. No economic system can operate without some controlling factor. If the capitalistic control — the law of supply and demand — is abolished, then there is no escape from State control. The State may establish control in the fascist form, or as a State capitalism of the Russian type; but the end of the process is necessarily communism. After the passing of the pioneer stage there is no way to preserve any form of free capitalism unless the field of free initiative and free prices is preserved. Small business is not only essential to a capitalist system, it is the capitalist system. Big Business is a parasitic disease of capitalism which if not checked will necessarily be fatal.

To a communist the notion of wanting to avoid communism naturally would seem absurd. To others, however, there may seem to be more or less valid reasons for desiring a free system. The problem of preserving a free system is now agitating the American people. A large part of that problem consists of the question of what to do with Big Business and mass production. The answer appears to be in two parts: one, to do away with mass production and substitute high-technology production in smaller units; the other, to retain mass production where necessary, but to divorce it from the business system upon which it has such unfortunate effects. Another way of putting it is this: small-scale industry may be operated as a capitalist system; large-scale industry is practical only in a socialist system. High-technology production must, therefore, be used either in small factories, or, where large operations are

essential, in mass industries owned by the Government.

The optimum size of a factory varies for each kind of industry. Disregarding for the moment all the external economies that come with the power to force concessions, and considering only those economies that consist of actually saving labor and materials, we may get a crude picture of optimum size as related to the national interest. In order to have the best technical processes, a coat-hanger factory can be built for a few thousand dollars, a tire factory for a few hundred thousand, a sugar factory for a few million. These products, moreover, can be used without further servicing as they come out of the factory. In the case of automobiles, which in the hands of the user require frequent expert attention, the case is somewhat different. Each make of car must be so numerous that the owner can find the necessary services anywhere in the United States. The market is apparently large enough to absorb twenty or thirty kinds of car on this basis. Standardization of many small parts and of such things as screw threads and other connections simplifies the job of servicing and permits a larger amount of diversity in the assembled automobile.

In practice, the automobile is on the borderline between large and small industry. There is some competition in automobiles, and the quality tends to improve with falling prices. On the other hand, competition is not so complete as to prevent some control of output. When the market collapsed after 1929, automobile prices failed to drop in proportion to wheat and cotton. Volume of automobile production fell off noticeably. Thus the industry contributed to the violence of the depression, though not to the same extent as the steel industry, which was able to peg the price of rails for years at a stretch in the face of falling markets.

Above the borderline stand the great natural monopolies, which can be operated efficiently only on a

national scale. Many of them are not mass-production industries in the usual sense of the term, although all are affected by modern technology. The post office, the army and navy, and the lighthouse service have already passed from private business into national monopolies. The railways and the main highway systems are on the way. Oil and natural gas are already showing the need for monopoly control as a measure of conservation; at the same time giving the usual demonstration of the intolerable behavior of monopoly in private hands.

Electric power is a peculiar case. In spite of the high efficiency of the Diesel engine, the ultimate destiny of power seems to be a national network into which nearly all generating units will pour their current, while the load moves daily across the continent with the sun. The holding companies were building the great network, but the men who were organizing the holding companies could not refrain from milking the system beyond what the traffic would bear. The Government is obliged to break up the industry by laws against holding companies, and to force rate reductions by introducing the T.V.A. and encouraging local Diesel plants. Mass production of electricity turned out to be inefficient because of the way it was organized. Temporarily, the public can get better rates and the investors better dividends by breaking down the network. In the long run, the network will have to be built up again, but under public ownership.

The line between industries that should be broken down into smaller units and those that should be taken over by the Government cannot be exactly drawn. There will always be a border area where corporations are too large to avoid price-fixing and not bad enough to require government ownership. The system can tolerate some large business provided there is not too much of it. Government ownership, moreover, has its disadvantages.

A publicly owned business, such as the post office, suffers from the fact that there is no rational relationship between wages and prices. The post office is not a profit-making business, but a public service to be paid for by the public either through rates or through taxes as may appear most convenient. Wages and postal rates can be decided only by the Congress, in accordance with the will of the people, if anyone knows what that is.

The value of public ownership is to remove monopoly from the business system. Profit-making monopoly is disastrous to free business because of its inevitable effect in restricting production and pegging prices at a high level, while excluding new competitors from the market. Public monopoly can avoid hurting free business only by disregarding profits, preserving wages, and lowering prices in hard times. The difficulty of getting action for the public good was illustrated by the post office, which, when the depression came, should have cut the letter rate to one cent as an aid to business. Instead it acted like a private monopoly and raised the rate to three cents in an effort to make a profit at the expense of business. If many additional enterprises must be nationalized, the difficulty of preventing them from continuing to act like private monopolies will be considerable.

The illusion persists that business should always be operated in a businesslike way, i.e., with a view to profit. The survival of capitalism depends on realization of the fact that monopoly is not business at all, but public service, to be operated with a single eye to the public benefit.

The graft and inefficiency of governmental operation is only a minor matter. Big Business has given an exhibition of graft, sabotage, and corruption that has been equaled only in some of the city governments which were most closely under Big Business domination. Graft and inefficiency are common though not

universal characteristics of large operations, public or private. The chief objection to public ownership of mass-production industry is the extreme difficulty of freeing the wage and price policies from the attempt to make a book profit. The moral appears to be that, unless all business whatsoever is to be taken over and the profit system abolished entirely, the greatest efforts should be made to break up mass production into small competing units wherever the technology will permit.

Instead of attempting to make lists of industries and of their allowable sizes, a more practical way of approach is through the tax system. The most important contribution of the New Deal before 1936 was the taxation of corporations in proportion to their size. When the differential can be made severe enough, there will be results. Within any given industry, the concern that tries to grow beyond the point of maximum efficiency will be penalized, giving the advantage to smaller concerns. Thus the benefits of technology may be in part divorced from the ill-effects of mass production, and mechanical efficiency may be less often used as a cloak for banditry.

As between one industry and another, the tax on size clearly gives an advantage to that industry which can conveniently operate in small units. The maker of coat-hangers would pay lower taxes than the maker of sugar, and in consequence the consumer would pay less for coat-hangers and more for sugar. There is, of course, no special virtue in using many coat-hangers, and no special vice in eating candy, that can justify taxing one differently from the other. The justification lies in the fact that small industries are harmless in themselves; large industries have power to corrupt government, obstruct justice, and oppress the people. For that reason the consumer should pay an extra tax when he buys the product — however harmless — of a large industry which constitutes a danger to the State.

Planning to restrict the growth of large business by tax policies is more in accord with the American way of thinking than planning by lists and schedules. Under high taxation, large concerns will still be large if efficiency makes large size worth the price. But they are less likely to be large for reasons of high finance.

One of the advantages of getting away from mass production will be in the geographic decentralization of industry. Not only has American industry been concentrated into the hands of a small group of millionaires; it has also been centralized into the areas surrounding large cities. The effect has been a progressive degeneration of the rural economic life. Farm debts have become too heavy to bear. For a time the situation was relieved by lending more money to the farmers to cover their inability to pay their old debts — just as we covered the unpayable war debts for a while by continued lending. In the end, however, there can be no balance between the metropolis and the hinterland unless the hinterland can have income of its own large enough to carry its standard of living.

Many areas with good farming land ought to be inhabited and utilized, yet they cannot support a full set of modern community services from their agricultural income alone. They need small factories scattered about, to supplement the income of the farm population and to provide the money to send to Sears Roebuck without going in debt. Small factories are disappearing from the rural areas because they cannot fight against the monopoly powers of Big Business. A suitable skepticism as to the alleged efficiency of mass production will prepare the way for restraining the great rackets that interfere with decentralized local industries.

The individual efficiency of small plants is not their sole justification, but in fact the small plants often are more efficient than large ones. The management

of a small plant in a rural area may have a personal relation to the workers that promotes efficiency. Small plants can use local material or local talents for quality products that command a premium in the market. Sometimes, especially if consumer co-operatives are established in a region, a local plant may short-circuit the established trade channel running to the city and may serve the people of its own neighborhood at a great saving in cost. There are many ways in which decentralized locally owned plants may show themselves economically justified, provided they are given a fair field and protected from rackets. But the national interest in decentralization is not dependent on physical efficiency alone.

When the people of one area are in debt and going deeper year by year, and the creditors, growing richer all the time, live in a different area, the nation will be subjected to disruptive strains. The debtor sections want moratoriums or inflation, the creditors want 'sound money' and protection of the sanctity of contracts. The conflict interferes with the overall efficiency of the economic system. From the national standpoint, the main virtue of small decentralized industry is that it will reduce the strain between unbalanced sections of the nation. Regional self-sufficiency is a means of avoiding sectional conflict, just as national self-sufficiency is a means of keeping out of other people's wars. The efficiency of the nation as a whole, and the peaceful relation of its parts, will be improved by spreading as many industries as possible among the agricultural areas.

The theory that mass production, involving the concentration of each industry in a specialized area, is a means of efficiency is therefore a fallacy. The internal efficiency of the industry may be improved by having everything concentrated, or it may not; but the overall effect on the nation is to set up major dis-

locations of trade and to overstrain the adjusting powers of the Federal Government.

The spectacular growth of certain great trusts and industrial mammoths has produced the hopeless feeling that mass production is an inevitable trend. The saying is that we cannot turn back the hands of the clock, although there are few machines, even clocks, that cannot be turned backward as well as forward. Actually most biological processes go always forward, but almost never continuously upward. The dinosaur and the woolly mammoth grew great, failed to develop the necessary brains to adapt themselves to a changing environment, and passed off the stage. So may the mammoths of industry.

The spontaneous trends toward decentralization of ownership, and even of location, are still quiet and unnoticed, just as were the weak and uncombed ancestors of man in the Age of Monsters. There is the growing use of electric power, freeing the machine from the steam power plant. Power is a small item in the cost of most products, but the fact that it can be delivered through a wire is important. Even the rates are of some consequence, as is shown by the great increase of use that follows rate reductions.

With the increasing pressure toward lower electric rates, many functions are going back again into the home. With electric machines the housekeeper can do many jobs that were for a while more efficiently done in the factory. The home machine may be idle most of the time, but it produces the product directly in the hands of the consumer without the costs and risks of the market. This is technological decentralization in an extreme form, and the extent to which it will occur with lower electric rates is only beginning to be realized. The electric current and the electric machines themselves are factory products, but they represent the use of factories to do away with factories.

The concrete road has already dealt a severe blow to the railroads. Automobiles are an escape from the mass production of transportation. Instead of traveling in groups of several hundred on a train, most of us now travel in our own cars when and where we please. Here again, gasoline and automobiles are factory products used for decentralized travel in place of the centralized travel of the railroads.

These tendencies toward small-scale production are as yet ineffective in face of the pressure of high finance toward centralization. Yet they may become cumulative as they develop. Automobiles and home machinery take traffic from the railroads, which with increasing technological efficiency are still unable to lower their rates. National advertising grows more expensive as the people grow insensitive to louder and louder appeals. The overhead costs of centralized production tend to grow and finally to outstrip the economies of technology. Then only the use of racketeering power by the central banks can prevent the success of small unhampered competitors.

Finally, with the repeated failures of Big Business to provide security and plenty, the time must come when the people will drastically limit the power of the great rackets that have grown up about mass production. Perhaps the New Deal will develop into the New Adjustment. Perhaps the conservatives will win an election, and smash the system more thoroughly than they were able to do in 1929. Either way, the end has to come. From there on, there are only two roads toward a practical use of technology.

The road that is now being followed in Russia is that of State capitalism, theoretically intended to lead ultimately to a communist system in which there would be no political State. With centralized planning, controlling a decentralized hierarchy similar to that of any great corporation, the whole nation can be operated

on a mass-production basis. The dislocations that attend mass production under free capitalism are prevented by abolishing private enterprise, with all its faults and virtues.

The objections to communist State capitalism in America are several. Americans do not like the idea, which is a real obstacle to making it work. The possibility of successful planning of a plenty system in which most of the products are necessarily luxuries is yet to be shown. Finally, the advantage of free initiative in developing active minds may be crucial at later stages of human progress. In any case, for good or bad reasons, the American people will try the alternative if they can.

The alternative adjustment, if it can be attained, will consist essentially in freeing capitalism from high finance — in freeing small business from the domination of Big Business. Mass production in private hands, we must recognize, is not workable in a capitalist system. Those industries where mass production is no more efficient than high-technology production on a small scale can be decentralized and made to operate in the free market according to the standard theory of capitalism — provided the people are willing to use their political power to prevent financial domination and racketeering. Other industries that cannot show a reasonable efficiency except in large-scale operation can be tolerated only if they are removed bodily from the capitalist system and run as public services. By such a double adjustment, decentralization one way and public ownership the other, a capitalist system can be made to work if we are prepared to take the necessary measures.

The principal fallacy of mass production, then, is the idea that it is the same thing as high technology and that it must therefore be accepted, whatever the consequences. Actually, in a capitalist system, mass

production is usually a mere camouflage for high-finance manipulation of business, to the detriment of the commonwealth and the impoverishment of the nation.

Big Business in the Property State

LYLE H. LANIER

IN THIS land of rugged individualism two hundred corporations control more than fifty per cent of the nation's industrial assets. Each corporation, in the memorable words of Chief Justice Marshall, is an 'artificial being, invisible, intangible, and existing only in the contemplation of the law.' These unique beings, incomparably more rugged than their human compatriots, symbolize modern man's genius for organization and collective economic action. Logically, they are the supermen of the ideal communistic State, but in America one finds them operating largely at variance with the requirements of this theoretical status. Conceived in that constitutional Garden of Eden whose walls are the Fifth and the Fourteenth Amendments, and nurtured by the friendly decisions of a judiciary saturated with ex-lawyers of corporations, these economic giants have become the instruments of an economic fascism which threatens the essential democratic institutions of America.

The American people have long recognized the danger to democracy of economic power concentrated in the hands of big corporations. When the 'trust' movement began more than fifty years ago, it was soon opposed by anti-trust legislation designed to check monopolistic practices. The Sherman Act, the Clayton Act, and the Federal Trade Commission Act, to mention only the

major measures, represent attempts to 'democratize' the corporation. But these laws have been impotent to stem the rising tide of big business organization. In the words of Samuel Untermyer, 'The courts, Congress and the executive departments of the Government have participated with equal effectiveness in the blows that were... struck at the anti-trust laws until they have been reduced to their present pitiable plight....' Through the decision of the Supreme Court which permits one company to acquire the assets of a competing company, through that peerless technique of twentieth-century banker-capitalism, the holding company, through trade association agreements, and through national advertising of retail prices, the American system of free competition has been systematically exterminated. The recent investigations of the Brookings Institution show that the effectiveness of industrial price control in recent years has been much greater than in the heroic days of the early trusts and 'trust-busting.' Ironically enough, the most vociferous defenders of free competitive enterprise are the big industrialists and their lawyers, whose illicit appeal to the sentiments properly attaching to the institution of private ownership of real property has served to camouflage the development of an alien economic system.

In these matters America is confronted with a condition, not a theory. It is obvious that the peculiar dissociation of ownership from control of property which characterizes the corporation, and the reduction of a progressively increasing number of real property owners to the status of wage-earners, create conditions not contemplated by the founders of the American Republic. These conditions are so complex that democracy throughout the world is giving way to one or the other of those two poles of political absolutism, communism or fascism. If we are to avoid some such outcome in America, it is imperative that some formula be discov-

ered whereby the benefits of technology and organization can be utilized to promote, rather than destroy, the fundamental aims of democracy.

The decentralization of industrial enterprise — financially as well as geographically — is an important method of conforming technology to the democratic ideal. Many types of industry can be operated more economically in small units. Furthermore, many strictly local enterprises have been organized into large financial units, often for the sole purpose of extracting a profit from the local consumer groups by virtue of the power accruing to the large holding company. But even when decentralization, facilitated by whatever legislative implementation seems appropriate, has been developed to the limit, there will remain many vast industries which cannot be reduced to small-scale units. One thinks, for example, of assembly-line types of manufacturing, of communication, transportation, and certain phases of the electric power industry. These large-scale enterprises perform valuable economic services and no one would deny the many social benefits which have resulted from their development. But the benefits have cost too much, and have been accompanied by a progressively increasing concentration of economic power which is inimical to the welfare of the people. The use of this power has been incompatible both with democratic principles and with the theory by which Big Business usually rationalizes its operations. This indictment is plainly substantiated by the recent important studies of the economists of the Brookings Institution. It will be profitable to view the operation of the 'American system' through the unbiased eyes of these careful economic analysts, since specific knowledge about the fundamental defects of the system is essential to the development of an intelligent program of readjustment.

The economic philosophy of capitalistic industrialism, as developed in the classical economic literature, involves two major propositions. The first of these concerns merely the theoretical mechanics of production and distribution; the second justifies the operation of the system for profit by those individuals who happen to secure control of the instruments of production, or capital. With respect to the process of production, it was held that by means of machinery and the systematic utilization of labor, it would be possible to provide a volume of goods adequate to raise the standard of living of the masses to a level of basic comfort and security. The old economy of scarcity would be transformed into an economy of abundance. It is evident that mass production implies mass consumption, and the classical economists clearly recognized the need for a pattern of distribution of income which would satisfy this fundamental requirement. Otherwise, the productive mechanism could not be completely utilized, and both the consumer and the capitalist would suffer to the extent of the failure to achieve this desideratum.

The principle of the private ownership of industrial property was simply accepted as one of those inalienable rights of man, and its economic justification ran somewhat as follows: The desire for profits stimulates an owner to an energetic and intelligent management of his business, with the result that the maximum productivity will be secured with the least cost; but the necessity for meeting competition would force the manager to reduce prices roughly in proportion to the reduction in operating costs, and consequently the greatest possible distribution of goods would occur. Under such a competitive system the poorly managed, inefficient firm would disappear, thus protecting the consumer from the cost of such uneconomical operation. A necessary corollary to this economic rationale was the assumption that competition would not be met through

wage-cutting, since this course would naturally result in reduced purchasing power.

Thus runs the traditional rationalization of capitalistic industrialism. If one describe social progress solely in terms of such economic abstractions as production and consumption, and conceive that the human animal will conduct himself in accordance with reasonable engineering formulae, then it must be admitted that such a system might actually achieve its objectives. But the Brookings studies show that the theory and the practice of the system are sadly at cross-purposes. Our high-powered capitalists have failed to follow the economic blue-print, if indeed the majority of them ever knew that one existed. On the side of efficient production they have given a creditable performance, although in recent years there has been an increasing tendency in certain industries to suppress patents and new technological developments. On the side of distribution, however, the capitalists have violated the fundamental principle which requires that prices be continuously reduced in proportion to reduction in costs of production. The classical economists assumed that prices would be controlled by competition, but the industrialists have found it simpler to control prices by agreement. The Brookings study shows that whereas industrial efficiency in terms of growth of production per gainfully employed person increased eighteen per cent between 1922 and 1929 (the increase was twenty-five per cent in manufacturing industries), nevertheless the retail price level remained practically stationary. Instead of expanding consumption by the desirable method of price reduction, business men resorted to high-pressure salesmanship, installment credits, and loans to foreign countries.

There are several forms of business organization by means of which competition is eliminated and prices stabilized. The first is the outright monopoly, such as

the public utilities, where a single management controls the price of a commodity. The second is the 'cartel' or collective monopoly, which exists mainly in Europe, and in which the purpose is to control production in a given type of industry. The third is the trade association, a voluntary organization, in which the fundamental aim is to stabilize prices and other conditions within the industry by an informal 'understanding.' The fourth method is that of the holding company, in which large segments of a given industry are controlled by one management.

The 'natural' monopolies presumably operate under rigid governmental supervision because of the unusual privileges allowed them. The electric power, gas, and telephone industries are the important enterprises in this category, and their rates are usually fixed by a special State commission. The principle of a 'fair return upon invested capital' governs the action of these commissions in fixing public utility rates. The United States Supreme Court has held that a return of as high as eight per cent is 'fair.' On the surface it would seem that the public interest is adequately protected, provided one could look on eight per cent as fair. Actually, these fields have been the sources of the most systematic, sustained, and ruthless exploitation in the annals of American business.

By means of watered stock, excessive charges for patented devices, 'service' charges of holding companies, exorbitant management costs, to say nothing of the frequent outright control of State Governments (and hence, of rates and taxes), American public utilities have exacted billions of dollars in tribute from the American people. Except in a few States, such as Wisconsin, regulation has been singularly ineffectual, and the Federal Government is powerless to control the big utility corporations under the anti-trust laws, since they bring together non-competing units in separate

localities. Nor are the holding companies, as such, subject to State law, since the Supreme Court has held that owning property in a State does not constitute 'doing business' in that State. The holding company can be regulated only by the State in which it is incorporated, usually Delaware, and this is equivalent to saying that it is unregulated. When the American people awaken fully to the fact that in the electric utility field alone there is close co-operation between giant corporations whose total assets exceed ten billion dollars, there will perhaps be more sympathy for President Roosevelt's earnest effort to introduce some form of effective public protection into this industry. Their collective power is illustrated by the successful pressure exerted on Congressmen in the spring of 1935, when the bill designed to regulate and to eliminate holding companies was being considered. Public utilities are generous contributors to campaign funds. Equally potent as a political weapon is the widespread diffusion of securities among small investors who, although having no control whatever over their 'property,' are nevertheless made to feel that any form of regulation militates against their interests. It is likely, however, that the majority of these small investors would earn a higher return in the form of reduced utility rates than in the form of earnings on public utility certificates.

The mechanism of the holding company has been used in many other fields for concentrating the control of large segments of an industry under a single management. Large banking houses have been the principal agents in effecting such concentration because of their control of the required liquid capital. It should be noted that under this dominant pattern of banker-capitalism it is neither necessary nor desirable to combine all of the companies in a given industry in order to dominate the price structure. Only the strong and strategic companies are combined; the small or weak companies

usually are discerning enough to recognize the wisdom of a 'follow-your-leader' policy. The advantage of this kind of control is that the small capitalist has the sympathy of the public and his influence will tend to protect the entire industry from political attack.

The trade association is perhaps the most widespread method of price stabilization. Adam Smith, for all of his pious faith in man's innate 'sense of propriety,' had a pretty realistic insight into the mental and moral mechanisms of the business man. In a sentence never quoted by those 'economists' who misapply his *laissez-faire* philosophy to American capitalism, Smith says: 'People of the same trade seldom meet together, even for merriment or diversion, but the conversation ends in a conspiracy against the public or in some contrivance to raise prices.' He even advocated the destruction of any public register which might acquaint business men one with another. He probably would not have survived the existence of such institutions as the Steel Institute or the National Association of Manufacturers. But Smith's heroic defense of unfettered individualism could not check the impulse toward collective action, and today we find a systematically collectivized business world against which the consuming public has little defense.

It is interesting to note that, whereas the early trusts were objects of public suspicion and governmental attack, the tremendous post-war combines have received the support of the Government. Throughout the régime of Mr. Hoover as Secretary of Commerce and as President, the trade-association method of price stabilization was systematically encouraged and openly defended as a necessary procedure in our complex business world. It is true that many other business practices came within the scope of the general stabilization policy, but the crucial economic result is reflected in the unchanged price level between 1922 and 1929 and in the

steadily increasing volume of profits. The benefits of technological and operating economies were not passed on to the consumer in the form of lower prices, as is required by the logic of the system.

What happened to the profits and how did their use affect American economic life? According to traditional economics, that portion of the national income which is not spent for consumption goods is automatically used to finance new enterprise, or to renovate and expand existing enterprise. Thus the sum total of the money spent by consumers for consumption goods and by capitalists for producers' goods will equal the national income. The Brookings investigation shows clearly that this hypothesis was invalid during the period from 1922 to 1929. Whereas the volume of securities for financing new capital construction and mortgages remained fairly constant at a level of less than five billion dollars, the volume of savings seeking investment steadily increased. In 1929, the funds seeking investment totaled more than fifteen billion dollars, with the result that in that year an excess savings of more than ten billion dollars was accumulated. This excess amount was used to bid up the market value of already existing securities, was loaned abroad, or was used for reinvestment in established enterprises through the purchase of shares in holding companies and investment trusts. This excess of savings should have been made available to consumers in the form of lower prices. If this had happened, American business would have been more nearly able to utilize its full productive capacity. The expanded volume of goods would have yielded a healthy instead of a diseased profit. The unsavory sequel of widespread unemployment and suffering might have been largely avoided.

The indictment of the 'American system' of industrial enterprise is unequivocal. It has never operated in

accordance with the theoretical logic of capitalism. It has followed a course of development which is both self-destructive and dangerous to democratic institutions. It is urged by certain writers that since competition has failed to operate as the economic rectifier of the selfish desire for profit, we should therefore abandon the system of private ownership for a system more definitely in harmony with the economic logic of industrialism. Thus Berle and Means write: 'It is conceivable — indeed it seems almost essential if the corporate system is to survive — that the "control" of the great corporations should develop into a purely neutral technocracy, balancing a variety of claims by various groups in the community and assigning to each a portion of the income stream on the basis of public policy rather than private cupidity.'

Undoubtedly the control of the great corporations must pass out of private hands if the present managers cannot be induced to operate them with greater regard for the public welfare. The owners of such concerns have already surrendered control of them to the corporate management which in many instances is controlled by a small financial group holding a negligible amount of voting stock. But before resorting to wholesale public ownership of the great corporations, democratic America had better explore the various possibilities for constructive public regulation. The remedy of State socialism cannot be applied as easily as its advocates seem to think, even if the majority of the people favored such a plan. Unless our entire political structure were miraculously changed, the management of the State corporations would be vested in political appointees, with disastrous results. We have no trained administrative personnel adequate to such a task and we shall probably not have for many years an extension of the civil service to executive positions so as to provide the permanent tenure which would be essential to the success of corporation management.

It should be made clear that I am not opposed to government enterprise as such. There are many businesses which the Government can conduct much better than any private corporation, and it is likely that the range of such activities will be greatly increased in the future. Those natural monopolies which control basic commodities of universal demand may eventually be operated by the Government. Many countries now own their transportation and communication industries, believing that the best interests of all the people can best be served in this fashion. The electric power industry exercises monopolistic control over one of the most important commodities in the modern world, and at present restricts its distribution mainly to thickly populated urban centers. As is true of the rural free delivery service, no private concern could 'profitably' distribute electricity to sparsely settled rural communities except at rates which would prohibit its use. It may eventually seem desirable for the Government to own and operate the entire electric power industry both in order to protect the public from exploitation and in order to make electricity more widely available. In general, the problem of government ownership of industry is not one to be settled on the basis of an abstract general formula, but rather, as Moulton suggests, the line of demarcation between public and private enterprise should be determined in each case on its merits.

The method of co-operative industrial action, under governmental supervision, has been widely advocated as a means both for securing a wider distribution of income and for regulating the powerful corporations. Advocates of this type of plan would abandon the anti-trust laws as unworkable and would invite open combination and concentration of industrial enterprise, but would attempt to secure effective regulation through both governmental and private controls. The N.R.A. was a plan of this general type. It was hoped, by in-

creasing wages, regulating business practices (often including prices and production), decreasing the laborer's hours per week, and eliminating child labor, that both real wages and employment would be increased. The experiment failed, but it was worth while even in failure since it demonstrated the hopelessness of a program of this sort. Business men soon found methods of avoiding increases in wages, but they nevertheless proceeded to use the machinery of the codes to raise and maintain price-levels. The detailed supervision of business practices throughout the country was an impossible administrative task. This sort of program could be administered only upon a basis of outright government ownership and operation of all business. As an ideal 'engineering' plan it seemed plausible enough, but its authors omitted from their calculations the important fact that human beings were required to conform themselves to it in a reasonable and honest fashion.

The economists of the Brookings Institution seem vaguely to hope that business men will become enlightened with respect to the inherent requirements of the capitalistic system and will voluntarily devise methods of restoring competitive conditions, or of achieving the same ends as presumably would be realized by competition. The experience with the N.R.A. would seem to deal a deathblow to such optimistic hopes. Business men are ordinary human beings whose conduct is determined neither by some divine rule of reason nor by abstract economic law. Man is primarily actuated by desires, and he usually proceeds to satisfy them in the most direct and effective fashion possible. The profits from business enterprise represent the means of procuring such satisfactions. If the volume of profits exceeds the requirements of his basic biological desires, there remain important secondary motives to be satisfied, such as prestige and self-expression. Lacking both foresight and restraint, the average man will not defer the accept-

ance of maximum immediate profits, in order to effect a greater distribution of goods and hence to provide the basis for more stable ultimate conditions. Even those business men who may be convinced of the validity of the principle either will find themselves helpless to attack the problem, or else will prefer to 'let George do it.'

In illustration of the latter attitude, two recent news reports may be cited. One page of the paper contained an extended account of an address by Mr. Alfred P. Sloan, the president of the General Motors Corporation. Mr. Sloan evidently had read the Brookings studies. He advocated a broader distribution of income in order that a condition of abundance rather than of scarcity might prevail. The opposite page of the same paper reported data released by the Securities Exchange Commission, in which it was announced that each of fourteen officials in the General Motors Corporation had received annual salaries of $70,000 or more. Mr. Sloan was paid more than $200,000 for his year's work. It may be argued that these exceptional men were 'worth' such salaries to their stockholders and to the public. They may be 'worth' much more than they received, but if the Brookings report means anything, they cannot be *paid* such salaries without increasing the burdensome excess savings which symbolize our economic disorder. The fact that the Government is forced to reclaim a large percentage of such incomes only reinforces the economic argument. Taxation and redistribution of income through government bounties is an inferior method of restoring economic equilibrium, however necessary it may be after the equilibrium has been disturbed.

We may then dismiss both supervised co-operation and voluntary self-discipline as methods for securing an economically sound and socially desirable operation of big business enterprises. Positive regulation is necessary, but what form shall it assume? During the declining

days of the N.R.A. the old battle-cry of 'Bust the Trusts' resounded in the halls of Congress. Senator Borah, scenting both monopoly and political advantage, led a revived anvil chorus against Big Business in which it was insistently demanded that the anti-trust laws be enforced. Undoubtedly the impulse behind such a demand is sound. If price control and the consequent exaction of excess profits from consumers is the key to our economic difficulties, as the Brookings studies convincingly affirm, a logical course of action would be to break up the forms of business combination which facilitate this practice. But will enforcement of the present anti-trust laws prevent price-fixing combinations? Probably not. We have already referred to some of the difficulties in the way of effective utilization of the anti-trust laws as they now stand. Limitations of Federal power over holding companies, decisions of the Supreme Court such as that in the United States Steel Corporation case, and restrictions on the power of the Federal Trade Commission have so limited the restraints upon mergers and informal agreements that the pessimism of Samuel Untermyer concerning the future of the anti-trust laws is understandable. A more liberal Supreme Court and a more aggressive Department of Justice might afford some relief, but even with maximal enforcement of existing laws there probably would be little change in prices.

The power of Congress over many big corporations is limited because of the Supreme Court's narrow construction of the interstate commerce clause of the Constitution. A holding company may control subsidiary companies in every State in the Union and yet not be considered either as 'doing business' in any State or as being engaged in interstate commerce. Furthermore, many nationalized corporations extend their economic activities into many States, and yet, because these activities may not consist in uninterrupted shipment of

goods across State lines, they are treated as intrastate corporations. A carefully phrased constitutional amendment should be passed which would extend and clarify the power of Congress over all such concerns. Congress might then effectively delegate to the Federal Trade Commission powers which have been denied to it by the Supreme Court. All concerns whose economic activities extend beyond the limits of a single State should be licensed under the Commission and should be required to file detailed reports of their business procedures, particularly with reference to the factors governing prices. The Commission's right to investigate the books and records of such companies has been denied by the Supreme Court, except in case of complaint concerning a specific unfair trade practice. The farce of treating these giant corporations as individuals, with the rights and privileges of individual American citizens, should be discontinued. Constitutional amendment is the only recourse.

One specific modification of the existing anti-trust laws might serve to reduce the power of certain types of corporations over small local competitors. Section 2 of the Clayton Act prohibits a concern from price discrimination among different purchasers 'except in good faith to meet competition.' This exception permits the nationalized retailer of gasoline, for example, to reduce his prices sharply in one locality, while maintaining or even raising them in another. The threat to 'meet competition' is usually sufficient to hold the little man in line. This exception to the law should be eliminated.

All such regulation has, however, the fundamental limitation that it is negative in character. It seems reasonable to expect that regulation will be most effective when the legal implement is such that a socially desirable course of action would be automatically encouraged and rewarded. There would seem to be one method whereby this goal might be achieved. The pro-

posal may be briefly stated as follows: revise the corporation income tax law in such a way that the rate of taxation will depend upon the rate of earnings in relation to management costs and volume of business. The tax rates should be sharply graduated so as to favor the corporation which maintained as low a ratio as possible between volume of business on the one hand and net earnings and salaries on the other. For example, it is conceivable that two corporations would report a net income of one million dollars each, which under our present system of taxation would be taxed alike. But in the case of one corporation the million-dollar income might represent profits from a fifty-million-dollar volume of business and with salaries of officials totaling (do not believe it!) fifty thousand dollars. In the second case, the income of a million dollars might result from a ten-million-dollar volume of business and half a million dollars in salaries. A tax system of the sort proposed would penalize the second company, in comparison with the first, and would encourage the attempt to decrease prices with a view to increasing the volume of goods or services distributed. The profit motive would thus be aligned with the public interest, instead of running counter to it.

This plan of taxation would demand the most careful study of business practices and general economic conditions. Since the primary purpose is not that of raising a definite amount of revenue, but of encouraging wholesome business enterprise, it is likely that an independent Federal Tax Commission would be necessary. This commission would carry on continuous research on economic conditions and the entire tax structure of the Federal Government, with a view to making recommendations to the House of Representatives on Federal tax problems and rates. The effects of all forms of taxation upon the economic equilibrium of the country as a whole would necessarily be studied.

A tax mechanism which would encourage an increased volume of business at reduced prices would probably tempt many business managers to meet such conditions by cutting wages. This is a most immediate and effective method of reducing costs, but such a course obviously would deplete purchasing power and would defeat the economic purpose of the tax plan. Since governmental regulation of wages is impracticable, the only feasible recourse is that of collective bargaining. In the typical big corporation the management represents the collective interests of great numbers of 'owners,' and possesses enormous power by virtue of this fact. The collective interests of the workers in the plant should be represented by an organized leadership which would aim to secure for each individual an equitable return from the productive activity of the concern. One may dislike both the corporate form of organization and the labor organization, and both of these may frequently be guilty of racketeering practices. Labor organizations may need more enlightened leadership, but their deficiency in this respect is probably less serious than that of the present managers of capitalistic industrialism.

To a considerable extent, the 'labor problem' can be met by decentralization and genuine ownership. But wherever the big mass-production enterprises survive, vertical industrial unions will be both economically desirable and socially necessary.

Over a limited field of modern industry, large-scale production would seem to be desirable. But mass production demands mass consumption. The industrialist cannot escape the inexorable logic of this formula by mouthing irrational incantations respecting 'rugged individualism' or by joining the American Liberty League. Neither an individual nor an institution can exist in violation of its fundamental principle of organization. Since Big Business will not voluntarily con-

form to the inherent requirements of the 'system,' it must be assisted, induced, or forced to do so. The Constitution must be amended to permit effective regulation of the vast economic empire which now defies both State and Federal power. The taxing power of Congress must be used constructively to encourage a greater distribution of the fruits of corporate enterprise, not merely to supply revenue or to reclaim the excess profits after they have been accumulated.

Agriculture and the Property State

JOHN C. RAWE

I

THE principles underlying our agricultural program ought to be acceptable in a country where the respect for human rights and the extension of liberty through the correct use of the institution of private property are guaranteed by the Constitution and by fair judicial decree. Yet the application of these principles encounters fierce opposition. Joint-stock charters, with sweeping grants of power to pyramid stock and to concentrate economic control and ownership, have given the industrial barons a peculiarly autocratic power. These charters give rise first of all to a concentration of property which militates against its normal distribution. They bolster the property rights of incorporated entities in complete disregard, often enough, of older, individual property rights that secure life, liberty, and the pursuit of happiness. They give us, finally, a legal-social structure of privilege and concentration completely alien to the fundamental democratic provisions in our law regarding property and rights.

The States have granted thousands of such charters to thousands of financial groups. These groups have merged and remerged, so that in some fields of industry only a few strong corporations remain. Above these are the corporations that control property by 'profession'; namely, the holding companies. The conflict,

then, is between incorporation and distribution of ownership. Incorporated ownership by the few reduces the millions to the servile necessity of selling their labor, unprotected as it is, on the auction block.

The unchecked growth of corporate charters and the existing legal procedure with respect to them will in time bring about the incorporation and concentration of agricultural property as well. To this the Agrarians object. They will offer every opposition to the extension of the joint-stock factory system from industry to agriculture. Land must not be concentrated by the use of the joint-stock charter. The holding of stock, granting that shares were widely owned, cannot insure the essentials of democracy. The Agrarians take a democratic, constitutional position when they oppose the modern monopolistic engineers of mass production. In our agricultural system social justice must get the preference over an enslaving 'efficiency' and a distributed freehold tenure of land must be retained.

There is nothing new in the idea that the State, in the proper exercise of its sovereignty, may withhold charters for agricultural purposes, or because of a well-defined public policy may withdraw charters already granted. This policy is already the statute law of the State of Kansas:

'No Kansas corporation shall be granted a charter and no foreign corporation shall be given permission to do business in Kansas, which Kansas or foreign corporation purposes to, or will engage in, the agricultural or horticultural business of producing, planting, raising, harvesting, or gathering wheat, corn, barley, oats, rye or potatoes, or the milking of cows for dairy purposes.

Trust companies, which in the operation of their business must in the ordinary course of events acquire title to considerable real estate, are limited to such real estate as they may acquire 'through the collection of

debts,' 'but the real estate so owned shall not exceed fifty per cent of the capital of the company for a longer period than six months.'

Insurance companies, which in lending money on farms must of necessity acquire much agricultural land, are strictly limited in the right to purchase and hold real estate and in addition are required to sell within five years 'all such real estate as may be acquired as aforesaid, and which shall not be necessary for the accommodation of the company in the transaction of its business.' Kansas Corporation Laws, Supp. 17–202a; sec. 17–2012, R. S. 1923; secs. 40–216, 40–322, R. S. 1923.

This is agrarian legislation of the highest type. It rightly constitutes corporate farming a public menace. And in accordance with its principles the Supreme Court of Kansas rendered a decision in 1932 which revoked the charter of the Wheat Farming Corporation, a mass-production machine of exploitation. This chartered agricultural company, a true representative of the 'stock-for-profit' type of corporation, within a few short years concentrated title to sixty-four thousand acres of land, and removed houses and barns from the family farms it had acquired, in order that its power plows might have more acres to break, exploit, and impoverish. It even went so far as to make a public highway, where it owned land on both sides of the road, a part of its seed-bed. The dispossessed families moved away, and cheaper labor was imported to be lodged in 'hotels' for planters. The Attorney General pointed out clearly that throughout the history of the State, and even in territorial days, the right to acquire and hold real estate, if deemed necessary for a corporate purpose, was invariably limited within a narrow range. All these legislative acts of limitation manifested a well-defined land policy for distribution and ownership of small tracts — of many homes rather than of large

estates. This Kansas program was found to be in accordance with legislative action and judicial decision in other States. It was further pointed out at the trial that the limitation upon the large holding of farm land was early recognized in the Federal homestead and pre-emption laws intended to induce settlement, cultivation, and the *establishment of homes* upon the public lands (43 U.S. C. A., sec. 419):

In the sale of this land (land for homesteading) by entry, the Secretary is required to limit the 'area per entry, which limit shall represent the acreage which in the opinion of the Secretary, may be reasonably required *for the support of the family upon* the lands in question,' etc. Subsequent sections fix the 'farm unit' of entry at not less than forty nor more than one hundred and sixty acres, making frequent reference to the amount necessary 'for the support of *a family*.'

President after President found it necessary to bring profit-seeking, stock-promoting Congressmen back to the agrarian plan.

Andrew Johnson: '... The diffusion of an energetic population over our vast territory is an object of far greater importance to the national growth and prosperity than the proceeds of the sale of the land to the highest bidder in the open market...' (Message to Congress, December 3, 1866. Richardson: *Messages and Papers of the Presidents*, vol. 5, p. 3681.)

Grover Cleveland: 'In the execution of that trust [distribution of the public lands] the policy of many homes, rather than large estates, was adopted by the government. That these might be easily obtained, and be the abode of security and contentment, the laws of their acquisition were few, easily understood and general in character. But the pressure of local interests, combined with a speculative spirit, have in many instances procured the passage of laws which marred the harmony of the general plan and en-

cumbered the system with a multitude of general and special enactments, subjected titles to uncertainty, and the purchasers often to oppression and wrong. Laws which were intended for the "common benefit" have been perverted so that large quantities of land are vesting in single ownership.... The nation's strength is in the people. The nation's prosperity is in their prosperity. The nation's glory is in the equality of her justice. The nation's perpetuity is in the patriotism of all her people. Hence as far as practicable the plan adopted in the disposal of the public lands should have in view the original policy, which encouraged many purchasers of these lands for homes and discouraged the massing of large areas.' (Message to Congress, December 8, 1885. Richardson: *Messages and Papers of the Presidents*, vol. 7, p. 4944.)

Later President Cleveland took a more decided stand against the monopolization of the land: '... The broad rich acres of our agricultural plains have been long preserved by nature to become her untrammeled gift to a people civilized and free, upon which should rest in well-distributed ownership the numerous homes of enlightened, equal and fraternal citizens.... Nor should our vast tracts of land be yielded up to the monopoly of corporations or grasping individuals, as appears to be much the tendency under the existing statute. I cannot but think it perilous to suffer these lands or the sources of their irrigation to fall into the hands of monopolies, which by such means may exercise lordship over the areas dependent on their treatment for productiveness.' (Message to Congress, December 3, 1888. Richardson: *Messages and Papers of the Presidents*, vol. 7, pp. 5379, 5380.)

Much later Theodore Roosevelt aptly expressed the importance and character of American agrarianism: '... Especial attention was called to the prevention of settlements by the passage of great areas of public

land into the hands of a few men.... The recommendations of the public lands commissioner are sound for they are especially in the interest of the actual home maker; and where the small home maker cannot at present utilize the land they provide that the government shall keep control of it, so that it may not be monopolized by a few men.... The government should part with its title only to the actual home maker, not to the profit maker who does not care to make a home. Our prime object is to secure the rights and guard the interests of the small ranchman, the man who plows and pitches hay for himself....' (Seventh Annual Message to Congress, December 3, 1907.)

Incorporated capital, with its profit-seeking stock ownership and its mechanized, dehumanized proletariat, made its bid in the Wheat Farming Corporation case for the accumulation of our last distributed form of productive property. In this plan of incorporated capital, thirty million additional American citizens should be workers, factory hands, efficient wage slaves, for the gigantic and most efficient corporations — the legal and economic gods of the century. The fields should be factories. Constitutional interpretations would be little more than weapons against the people, securing the so-called private domination and ownership of the artificial person, the corporation, which would place itself in a position superior to both the individual and the State. The extension of this plan to agriculture involves a revolution in ownership and social methods. In industry the process is already well-nigh complete.

But it is not difficult to locate the cause that brought the shift in industry from distribution to concentration, from small independent businesses to power trusts, oil empires, and interlocking directorates. It was a shift from private ownership, with constitutional liberties,

to stock pyramiding under labor conditions that often enough were economic slavery. We need only to look back into American history to discover the growing legal structure under which ownership has made a rapid change from freehold tenure to the collectivized perpetual-succession tenure of joint-stock charters.

When our country took its place among the nations, the great majority of citizens possessed property or had opportunities to acquire it. The independent men of the soil, small business men, small bankers, small commercial producers and traders, constituted a citizenry, correctly conscious of personal interest, exercising personal responsibility, making a natural, dependable security for our democratic institutions. There was normal distribution with normal exchange; and with these conditions present, Constitution, common law, and equity conferred liberty, administered justice, and insured happiness. The many farmers (for the population was for a time ninety per cent rural), in the prosperous ever-widening country areas, built their homes and laid the foundations for economic growth.

Corporate charters were granted by statesmen who were correctly reluctant to create power and privilege, giving it only with the greatest caution and limitation. These men realized that the liberties which they had pledged themselves to preserve could last only if most of the country's property and business remained in the hands of private individuals. Soon, however, new economic theories — industrial finance-capital, mass production, oil, steam, electricity, and many other modern developments — seemed to call for the more widespread use of the artificial, corporate person. The type of corporate construction which gained the ascendency was the joint-stock, finance-capital type with all the rights of property lodged in the banker and the employer. General laws were passed enabling such corporations to form more quickly, to exercise sweeping

powers of operation and concentration, and to merge more readily for the elimination of competition.

From the outset the co-operative, functional, organic type of charter, if the time had been taken and the wisdom shown to develop it, would have secured the necessary capital, developed industry, and rendered just service, with a fair profit, to all who form a part of any industry; namely, worker and employer. But the statesmen turned away from their duty of safeguarding the welfare of the people and evolved statutes which would make artificial charters inviolable.

Then the corporations, finding their charters secure against all social obligations, began to measure their capital in billions rather than millions. They were triumphant in the legislative halls and in the courts. They transformed America's property owners into workers and dictated the terms for wages with little regard for any standard of living. They accumulated and collectivized and denied every equity to worker and consumer; and, if we are to believe their statistics, made the country rich, while the great majority of admiring citizens were being reduced unwittingly to greater and greater poverty. In industry today there is practically no ownership and operation of productive property which is not concentrated. A few hundred colossal banking and industrial corporations not only control property, money, and credit, but take the profit from the major part of our industrial business. In an excellent report, Senator Norris showed conclusively how from banking to power, from transportation to electricity, from production to consumption, Wall Street exacts its tribute from the citizens of America.

The deeply social concept that a charter was not to create any undue economic privilege, but was to serve business as an auxiliary in the building of a progressive, just, and happy nation, did not long hold a place of prominence in commercial and legal thinking. Laws

for the purpose of compelling the corporations to bear every new social burden which their new economic procedure created; laws which would force the corporations to develop an adequate social security program to accompany their new economic programs; laws which would in some measure restore the political, economic, and religious liberties which are modified when the transition is made from private initiative and ownership to corporate initiative and joint-stock ownership and control; laws which would compel the corporation to sell its shares to its own workmen, restoring them in some degree at least to a modified ownership and compensating them for the loss of fullness of private ownership which widespread incorporation makes impossible; laws which would hold executive boards of corporations publicly responsible for their acts, make periodic distribution of dividend funds obligatory, and forbid any arbitrary expansion of capital stock, declaration of bonus, and the payment of excessive salary; laws which would restrict advertising campaigns and propaganda, determine fair methods of competition, and restrict spheres of operation; laws which would establish a well-defined place for the higher functional co-operative form of corporation with authority to protect the equities of laborers and consumers as well as the incorporated capital of bankers and employers — such laws might have suppressed the worst abuses of monopoly capitalism, but such laws have not been permitted.

Our past narrow legal vision, with its intricate, sophistic, mercenary way of pleading the Fifth and Fourteenth Amendments to make far-fetched applications in favor of artificial persons of the joint-stock-profit type, has set commercial agencies of exploitation free with a sort of constitutional protection. In every industrial sphere the giant corporations built their empires, uprooting the ownership of the many in-

dividuals, forcing them to relinquish their independent businesses, join the long line of factory workers, or become one of the many unemployed to wait for relief through government action or charity.

In the meantime, what happened to agriculture? The agrarian distribution is not as yet subjected to any great maze of incorporations, even though ten thousand incorporated farms already make income tax reports. Nevertheless, the old agrarian position is dangerously weakened. Its taxes are tripled, and its annual income decreases from seventeen billion dollars in 1919 to five billion dollars in 1932. At the same time industrial corporation income, through prices fixed without parity, through the exploitation of labor and the creation of monopoly, increases from fifty billion to eighty billion dollars. Title deeds to many farms pass to bankers and insurance companies because of unpaid interest. Family ownership is replaced by tenantry and share-cropping. And finally many farmers seek refuge in the thickly massed urban centers to hunt for industrial employment or take a government dole, reducing the former agrarian majority to a small minority of forty million people of whom only five million remain as farm owners. The effort of finance and industry to make the agrarian distribution a negligible factor continues. Plans to rehabilitate farm owners are thwarted, and the land — the last class of productive property available for the incorporated capitalist and his incorporated money-lender — becomes more and more exposed to the process of incorporation.

The time has come, therefore, to propose these questions: Are we to allow farm corporations to obtain the very objectionable anti-social joint-stock charters? Shall we then try to protect the farm owners who remain, either by placing restrictions upon competing farm corporations or by giving the dispossessed farmers a dole as they enter the ranks of neglected labor? We

think that these methods will fail as they are failing in every industrial activity. No State or Federal regulation is ever adequately enforced to protect private individual owners in any field of commercial production. The immense power of the incorporated monopoly always has its ways of circumventing legislative programs. Wherever it is forced to bear social burdens, it finds a way to raise prices or lower wages in order to restore its own funds. Would it, therefore, not be a safer plan for social justice to deny charter grants in the tenure and cultivation of the land? Would it not be more effective for economic security and the retention of constitutional liberties to stand by the distributed freehold tenure of land — a land policy which the Government itself fostered and helped to build, a land policy which therefore can certainly find a constitutional legislative program for its preservation and extension?

In order that this whole commonwealth may not finally be compelled to submit to commercial control and exploitation, the Agrarian sets out to restore constitutional distribution of property through the land. In this class of property, corporations cannot as yet effectively block the way, if the proper legal action is taken. The Agrarian demands legislation against the formation of agricultural joint-stock companies, legislation for the abolition of bank ownership gained through recent wholesale foreclosure, which was tantamount to confiscation. Agrarianism demands legislation for the resale to an individual within at least one year of all land which shall hereafter fall into the hands of such companies through unavoidable defaults upon loans.

Why does the Agrarian demand this legal position? Because he knows that a Government that legislated for years for the building of many rural homes has the power to make that feature of its economic develop-

ment permanent if it wishes to do so. He knows that a substitution of the corporation farm for the family farm will do nothing but aggravate the social problem. It is far more difficult to reform the corporations in accordance with the demands of social justice than it is to restore the land to the people.

II

The farmer, like every type of modern man, has been woefully ignorant of co-operative organization and functional methods. But within recent years he has grasped the significance of this social safeguard far better than any other economic group. If through government assistance in the protection of his co-operatives the farmer can in the future have sufficient credit, purchase his supplies, and market his products through co-operatives without interference by unfair competition of joint-stock corporations, he will be able to recover much of his prosperity through his own efforts. The Government, after witnessing the undermining tendencies of joint-stock structure and getting a true economic perspective of the land and its distribution at the very foundation of the commonwealth, will not repeat the error of putting its heavy taxes there. It will take effective action to stop the selling of twenty to thirty per cent of the land for delinquent taxes and to reduce the annual five thousand farm bankruptcies.

An important step toward the preservation of our land is to pass a purely protective law to defend a constitutional, co-operative movement. Such a law would permit the people to create sufficient credit and to supply their own commercial banking needs in accordance with the principles of co-operation under sound banking provisions. Such a *co-operative credit* movement is essential to all sound co-operative progress.

A private credit control by private, joint-stock banks such as we have now, or a governmental credit control, such as is threatening — capable of being subjected to political favoritism and arbitrary power — retains the strength to nullify the co-operative progress that might be made in many community enterprises. A co-operative credit control by the people, in accordance with sound banking safeguards, would give the necessary basis for the action that private owners must take if they are to rescue themselves from oppression.

This *co-operative credit* movement has begun to function under the prudent leadership of the *National Co-operative Service Bureau*, with the Reverend J. M. Campbell, of Ames, Iowa, as Executive Secretary, and Mr. Louis Willie, of Lincoln, Nebraska, as Secretary of Credit. These leaders represent the people who have themselves built the many co-operative credit associations in Nebraska and Iowa. The associations function as commercial banks under a protective State law and in accordance with by-laws that are strictly co-operative. The members of the credit associations, the people themselves, are the depositors; they control the credit needs of the community in accordance with sound provisions of the State Banking Department and the safeguards of their own co-operative by-laws. These associations have established a Bursary in Lincoln, Nebraska, and are equipped through the loyalty of their own members to extend the movement into other States. They become departments or agencies of the Government under the proper protective law, whether it be Federal or State law. They give no funds to any Government, nor do they receive any subsidies. They are the people in co-operation, at their own expense.

Under a prudent, uniform extension and growth of these co-operative credit associations in the various States, more and more financial facilities will be provided on a sound basis for the many men and women of

moderate and small means. Sufficient credit on a firm foundation at a reasonable rate of interest will be available for those who wish to acquire the ownership of substantial property. Ultimately many families will be able to buy small farms under loans that will assist them in becoming full, unmortgaged freeholders.

The powers of Government will further provide for the enactment of uniform protective laws for the many genuine producer and consumer co-operatives that the farmers can build in their efforts to establish a secure rural society of private owners. The Government could render additional valuable service in helping to teach farmers how to function co-operatively in the intricate business of marketing their products and buying the necessities and comforts of life; how to use their own farm products for family subsistence, how to operate their farms more efficiently as family units; how to diversify and rotate crops to replenish the fertility of the soil; and how to employ and care for efficient machinery built for use on the small farm or in co-operative enterprise.

We need a Government fully cognizant of the fact that industry with its toppling superstructure has fallen into the hands of non-functional artificial legal entities whose charters need reformation in accordance with the demands of social justice. A Government, aware of its own constitutional sovereign power, could grant or deny charters for profit in commercial enterprise, and, faithful to its inherent duty based on the doctrine of the public good, could qualify such charters through functional agencies in order to guard the rights of all members of society.

Unless we wish to live in a land of regimentation and tyranny under a total eclipse of private property, it is needful to look to the distribution of ownership and the constitutional rights of individuals and families. States may grant various types of charters and

restrict them as the public good demands. They should create private, co-operative corporations. It does not follow that they may themselves use the method of the wide-sweeping charter. Governmental collectivism is not a cure for the collectivism of private joint-stock corporations and their destructive social economy. Under joint-stock collectivism men do as they are told or starve to death. Under the collectivism of Government, men do as they are told or suffer 'liquidation,' imprisonment, or exile.

There is but *one* solution for this nation and that is a *new Declaration of Independence* and a *return to the Jeffersonian concept of the Constitution* through widespread ownership and co-operation under a general freehold tenure of property.

Corporate mergers and all devices of economic and legal control, usurious interest with wholesale foreclosure, unsound manipulation of the nation's volume of money by banker, broker, and politician — all these have made of us a nation of dispossessed people.

And it is absolutely irrelevant to learn from government and corporation statistics that the total wealth of the nation is much greater today than ever before.

Our Constitution cannot secure a full measure of liberty and political rights for a citizenry of workers, tenants, and share-croppers. But this does not mean that there is an inherent weakness in the Constitution itself. A condition absolutely necessary for the effective operation of the Constitution as an instrument of political liberty is the maintenance of a widely diffused private ownership.

The Constitution did not concentrate wealth in joint-stock corporations; it did not diminish the number of property owners by usurious practice and wholesale foreclosure. All this was done despite the Constitution. Statesmen without vision, corporations with charters free of all limitations; a citizenry without an adequate

understanding of the importance of small ownership in a democratic nation; bankers who could manipulate credit without any reference to just markets — all these helped to bring about the destruction of widespread private ownership.

As a nation we have traveled far from true ownership to incorporation in industry and government. We did not term the process 'revolution.' But if we consider the changed structure of ownership and the extension of constitutional guaranties to joint-stock corporations, there was a revolution in all reality. That revolution has been peaceful so far, but dangerously subversive of human values, unjust, ruthless, undemocratic.

Seventy years ago our present demand for distributed property would have been considered the normal political procedure. Today, as the movement gains momentum, it will be stamped with the name of 'revolution.' But the movement can clearly exhibit the traditional constitutional procedure as the precedent for its program. So far as agriculture is concerned, we are merely calling upon the Government to follow the program that it began historically but did not complete, the program of distribution which it formulated but did not make permanent.

The Foundations of Democracy

FRANK LAWRENCE OWSLEY

I

NEITHER Congress, President, nor Supreme Court knows at this moment what is the Constitution of the United States; and it can hardly be proved that the remaining one hundred and thirty million inhabitants of the United States possess any greater certainty about their Constitution than the three departments of the Federal Government which are sworn to uphold, maintain, and defend it. We are, indeed, in a constitutional fog which has constantly grown thicker since the original document was presented to the country for ratification in 1787.

Let me point out a few of the leading factors which have caused the people and their organs of government to become thus enveloped. It will be recalled that the convention which drew up the Federal Constitution in 1787 was in essence a revolutionary, secessionist body. Its actions were in violation of State instructions and of the Articles of Confederation which, at the time, were the Constitution of the United States. It performed its work in secret, and the document which it presented to the country in 1787, while it contained many fine principles of government, was essentially reactionary and undemocratic. The President was to be chosen by uninstructed electors, who in turn were to be chosen either by a suffrage based upon property qualifications or by State legislatures based upon a similar suffrage.

The Federal Senate was to be elected by these same legislatures which usually held office — as today in many States — by the approbation of the county court or some other local political hierarchy which was in practice self-perpetuating. The Federal Judiciary was to be chosen by the President with the consent of the Senate. The social philosophy of the Constitution was in keeping with its undemocratic mechanism. In short, the original Constitution was so contrived as to remove the Federal Government as far as possible from the sound of *vox populi* and to place it in the hands of the few men of wealth.

The vote upon this document could scarcely be called a plebiscite: out of a population of four million or more, only about one hundred and sixty-five thousand voted on the State ratification conventions. Cajolery, trickery, and bribery were used to obtain ratification, and even so the margin in favor of ratification was only a few thousand. A Constitution obtained by such methods and one which repudiated many of the fundamental principles for which the American Revolution had been fought only a few years before could not be regarded by its contemporaries or by a well-informed, intelligent person, today, as sacrosanct or a falling within the same category as the Ten Commandments.

The impending dissolution of the American State and reconquest by England brought many liberal leaders like James Madison to support such a Constitution. But even so — and despite the doubtful methods used to obtain ratification — the friends of the Constitution would have failed had they not pledged the immediate incorporation into the Constitution of the first ten amendments, which contain, to a great extent, the Bill of Rights or the rights of man for which the intellectual leaders of the American Revolution had contended, and for which the common man had thought the war was fought. But the incorporation of the rights of man

within a document reactionary in its philosophy of human society as well as in its mechanism could only thicken the fog which had already been raised. On the face of it, it appears to be an attempt to fuse in one short charter the philosophy of plutocracy and that of democracy, which was the impossible proverbial mixture of oil and water. In reality it was the hopes of the old revolutionary leaders, soon to be called Jeffersonians, that the Bill of Rights would, by mere force of principle, correct the undemocratic features of the main body of the Constitution. Tacked on at the end and forming no organic part of the whole, the Bill of Rights was a liberal postscript added to an illiberal document.

Fortunately for the plutocratic philosophy, that government is in essence the executive committee of great wealth, the Federalists under the leadership of Alexander Hamilton secured control of the executive branch of the Government for twelve years and the legislative during most of this time. But most fortunate of all, the Federalists for forty years held possession of the Judiciary, which arrogated to itself the power to declare laws of Congress unconstitutional and in general to declare the law and the Constitution. For a brief period, under Chief Justice Taney, the Jeffersonians gained control of the Court. With the Civil War the Court came again under the control of jurists who professed the Hamiltonian philosophy.

After the Civil War, during so-called reconstruction, the Federalists, now bearing the Jeffersonian name 'Republican,' obtained two amendments, the Fourteenth and the Fifteenth, which were intended to change, and did change to a certain extent, the fundamental nature of the original Constitution. Now, all the historians of reconstruction except three Negro writers and one carpetbag ex-governor agree that these two amendments were incorporated into the Federal Constitution by open fraud and violence supported by

Federal troops in the South, and congressional legislation which even the Federalist Supreme Court would have thrown out had they not been intimidated by the Radical leaders. Regardless of what may be thought of the desirability of such amendments — and that irrelevant question is not to be raised here — no self-respecting, well-informed American can look with reverence upon this portion of the Federal document. But I wish to call attention, in passing, to the fact that it is the Fourteenth Amendment which corporate wealth holds, next to the Jeffersonian Fifth Amendment, most sacred and most dear. Among other things, the Fourteenth Amendment guarantees that the States can deprive no person of life, liberty, and property without due process of law, while the Fifth Amendment prohibits the Federal Government from depriving any person of life, liberty, and property without due process of law. By giving a corporation the status of a person, the Federalist Judiciary has caused these colossal bodies of organized wealth to become the undefeated champions of personal liberty! The irony of these two amendments is withering. One was honorably secured by the Jeffersonians as safeguards for the liberty of the white man; the other, violently and corruptly secured by the Republicans, ostensibly in behalf of the liberty of the black man: both — like other Jeffersonian amendments in behalf of human liberty — have been erected by the Supreme Court, not into bulwarks of human freedom, but into impregnable fortresses of corporate wealth.

I have pointed out, thus far, various factors which have obscured the meaning of the original Federal Constitution and the Jeffersonian amendments, and which deprive that document of any claim to sacredness: the unconstitutional procedure of the Convention of 1787; the secrecy of its operations; the trickery and fraud used in the adoption of the Constitution in 1787–89

and in the adoption of the reconstruction amendments; the packing of the Judiciary with Federalists when Jefferson was elected; the doubtful assumption of power by the Supreme Court to declare a Federal law unconstitutional; and above all the interpretation rendered the Fifth and Fourteenth Amendments. Another factor of paramount importance in darkening the glass through which we view the Constitution is, or was, the sectional interpretation of the original document. One has only to remember New England's threats of secession during the Jeffersonian Embargo, or the War of 1812, or even at the annexation of Texas; or the Southern threat of secession in the Virginia and Kentucky Resolutions, the Nullification movement, and the final secession in 1860 — all centering in the meaning of the Constitution — in order to see that sectional interpretation was a major factor up until 1865, in creating doubt as to the meaning of the Constitution.

I wish to comment further upon the rôle of the Supreme Court in befogging the meaning of the original Constitution and the amendments. Under the Hamiltonian philosophy that government is run for and by the rich, the Supreme Judiciary has stretched the Constitution of 1787 and the amendments in many different directions; meanings have been read between the lines, into the lines, and beyond the lines; lines have been added, subtracted, divided, and multiplied to fit the exigencies of the occasion and to benefit great wealth (and destroy small wealth). One reads many of these decisions and looks about himself in vain for a familiar constitutional landmark. The Constitution, he feels, has been made to serve God and Mammon, human liberty and human bondage. The Supreme Court has rendered hundreds of decisions which have defined the Constitution in all its aspects; yet, despite the fact that this High Court has usually been in the hands of jurists who are disciples of Hamilton, the hundreds of decisions

which it has rendered are consistent chiefly in this one principle: excessive amiability toward those who possess great wealth and great indifference toward those who own nothing or small private properties. Outside of this excessive amiability to great wealth, the decisions of the Supreme Court, which cover about twenty thousand pages and over two hundred and ninety volumes, are confusion and contradiction piled upon confusion and contradiction: here we behold a constitutional Tower of Babel. Yet these twenty thousand pages of decisions, rather than the document printed in the backs of our textbooks, are the working Constitution of the United States. It is out of this welter of decisions which the executive, legislative, and judicial branches of the Federal Government select the precedents on which they estimate the constitutionality of a bill or law. It is possible, of course, to go back to the original Constitution itself and ignore the principle of *stare decisis*; but it is too much to expect of our jurists. The Supreme Court have determined and will determine the constitutionality of a measure in accordance with their social and political philosophy, for they will have little difficulty in finding precedents to support their positions. The personnel of the Great Judiciary determines everything. In view of this, I am strongly tempted to assert that the Constitution of the United States is not the original document adopted in 1789 or the twenty thousand pages of decisions, but the Supreme Court itself. Such an assertion would be equivalent to saying that we are living under a judicial despotism.

This perennial uncertainty as to what is our Constitution has been one of the most dangerous and disruptive forces in our history; and now that the economic, social, and political systems of the world are in chaos, such uncertainty adds to the uneasiness among all classes. While the Hamiltonians have the Court today and are rejoicing that the Constitution has been saved, people

are asking, 'What Constitution?' Tomorrow, the Jeffersonians may control the Court and save still another Constitution. But eventually the fascists or communists may gain control of the Court and what Constitution will they save?

It seems impossible to escape the conclusion that we need a new Constitution which will reconstruct the Federal Government from center to circumference. Such a reconstruction must take into consideration the realities of American life, past and present; and one of the greatest realities is sectionalism or regionalism; and above all, it must be based upon the eternal verity that while man must eat, he does not live by bread alone.

II

While I wish to put myself on record here as being an advocate of the reconstruction of the American State, and most particularly the Federal Judiciary in all its branches, it is not my purpose in this essay to propose a plan of reconstruction. Rather do I wish to urge this: it is high time that we — and this applies most pertinently to our judiciary — re-examine the principles upon which the American State was founded in 1776. Lincoln and Seward as spokesmen for those interests which found the Constitution as interpreted under the Jeffersonian Chief Justice Taney too narrow for their full expansion, called upon a 'higher law' and it was upon this 'higher law' that the Republican Party came into power. The interests which Seward consciously, and Lincoln, perhaps innocently, represented were industrial and corporate wealth, located chiefly in the East. These great industrial and financial groups had set good but ill-informed men upon a crusade against slavery in the South, where it was already destined through economic causes to disappear rapidly. The ends of Abolition could not be obtained within the

Constitution, so the 'higher law' was invoked. It was only after Lincoln's death that it became apparent that the 'higher law' had been invoked, not to bring freedom and happiness to the slave, but rather to the great bankers, railroad magnates, and industrialists — freedom to gambol between the great protecting walls of the Fourteenth and Fifth Amendments! In short, it was in reality the industrialists and corporations who invoked the 'higher law' to gain control of the National Government and make it over according to their desire. The Abolitionists were futile, ill-informed idealists who were ruthlessly brushed aside when their services were no longer useful. Today, because we do not know what is the Constitution — unless it is the Supreme Court — and because if it were the simple document of 1787 it is absolutely inadequate and has always been so, even during the 'horse-and-buggy' stage, we invoke the 'higher law' against those same interests who falsely invoked it to destroy the South and reduce both South and West to the status of proconsular provinces of the old Roman Empire. The 'higher law' is the fundamental principles upon which the American State was founded, the early American principles which became known, as I have said, as Jeffersonian principles. It is time that we re-examine and reassess these principles. Such principles thus disinterred should control the constitutional reconstruction of the United States which must ultimately come; and in the meanwhile they must be made to guide our political action and our conduct of government. Otherwise we cannot escape the communist or fascist totalitarian State.

The whole body of founding fathers subscribed to these principles, to this 'higher law,' some with mental reservations, others with deathless devotion. Among the greatest of these were: James Otis and Samuel Adams, of Massachusetts; George Mason, Patrick Henry, James Madison, and Thomas Jefferson, of

Virginia; John Dickinson, of Pennsylvania, and Christopher Gadsden, of South Carolina. The leadership of Thomas Jefferson, which lasted over half a century, attached his name to these principles. He embodies and symbolizes them. *These principles upon which the American State was founded fall into one great category which in turn contains at least five cardinal principles; from these five cardinal principles numerous other principles stem like the branches of a tree. This great category was and is the absolute denial of the totalitarian State: neither kings nor parliaments, foreign or domestic, had complete sovereignty over the individual.* 'Thus far shalt thou go and no further,' was said to Government. The founding fathers drew their principles from the experience of the English race; from the Anglo-Saxon days when God was supposed to have made the laws and the king and his council only declared what they were; from the charter of Henry I, who acknowledged the supremacy of immemorial customs and laws; from King John, who signed the Magna Charta, and all the kings who came after him, who, in a similar fashion, admitted that their sovereignty over their subjects was limited. The jurists Coke, Littleton, and Blackstone confirmed the limitation of sovereignty, and Browne, Hobbes, Milton, and Locke, the philosophers, stated in broad abstract terms the theories of limited sovereignty. The philosophers of the American Revolution stated these principles more clearly, and, as I have said, they made these principles the foundation of the American State. They were called 'natural rights.' There were five great rights which no government could legitimately destroy: the right to life; the right to liberty; the right to property; the right to the pursuits of happiness (so long as the exercise of this right did not encroach upon the rights of others); and the right to self-government — that is, government was made to serve man, man was not made to serve government, and when government

failed to serve man it should be changed, peaceably if possible, forcibly if need be.

These principles, as I have said, were partly repudiated by Alexander Hamilton and many of his followers; but on the other hand Jefferson and many of his colleagues clung to the original American doctrines and founded a party upon them. There can be no doubt that liberty in all its magnificent meaning was to Jefferson the greatest of the five principles; liberty was indeed the flowering, and end of being, of the other cardinal principles; freedom of thought, freedom of conscience, freedom of speech, all the things, indeed, which we call personal liberty, were parts of that freedom which Jefferson and his colleagues visualized. The other four principles were both ends in themselves and instruments by which liberty could be secured. What seem to be three additional principles which have been attached to Jeffersonianism almost to the exclusion of the others are State rights, strict construction, and *laissez-faire*. Any student of Jefferson and his like-minded colleagues is aware that State rights was only another form for the cardinal principle of self-government. The knowledge gained from experience as English colonists demonstrated irrefutably to these men that government from a great distance, by legislators not equally affected by their laws with the people for whom they were legislating, was ignorant government because it had no understanding of the local situation; and it was despotic government because the opinion and wishes of the people for whom the laws were passed were not considered or even known. Any believer, then, in the right of a people to govern themselves would naturally adhere in the early days of our history to the doctrine of State rights. This doctrine was also an instrument by which the other Jeffersonian principles could be obtained or protected; particularly so when the Hamiltonian philosophy dominated the Government. The Virginia

and Kentucky Resolutions and the Nullification movement are good illustrations of the use of State rights and State sovereignty as defense weapons, for sectional protection as well as for protecting the five cardinal principles, already enumerated as the basic Jeffersonian principles.

The strict construction doctrine was primarily an instrument of defense against the Hamiltonian philosophy. Like State rights it was meant to preserve local and, therefore, self-government; and uphold the other great principles of human rights. It was not an end or a virtue in itself, for when Jefferson and his successors were in power they violated the doctrine of strict construction and added to the territory of the United States until it reached the Pacific, and they undertook many other measures which only a loose construction of the Constitution could justify. *What I wish to make clear is that State rights and strict construction were either aspects of the great principles of the right of self-government or that they were defense weapons against what the Jeffersonians believed to be enemies of the basic principles of the American State.* If Jefferson and Samuel Adams were here today they would hardly be State rights advocates. They would, probably, according to their own logic, advocate *regional governments*; and realists as they were, they would hardly be able to look at the two hundred and ninety-odd volumes of Supreme Court decisions and remain strict constructionists. Without doubt they would demand a new Constitution which guaranteed unequivocally the basic principles of democracy.

Jefferson's doctrine of *laissez-faire*, that the best government was the one which governed least, has been most ironically appropriated by the Hamiltonians just as has the Fifth Amendment and the Fourteenth, as another sanctuary for great wealth. To hear the United States Chamber of Commerce or the House of Morgan or the Liberty League quote Jefferson, whom they hate,

to prove that government should not interfere with business, is the perfect example of the Devil's well-known facility in quoting Scriptures. There is one part of Jefferson's statement concerning the so-called *laissez-faire* doctrine which the corporations and their political representatives fail to quote: *he specified that there should be enough government to prevent men from injuring one another.* It may be supposed that in a simple agricultural society, where land and natural resources were plentiful and every factory hand could quit his job and move West, little national or State government would be necessary. Such has often been the assumption of historians who have not studied closely the career of Jefferson and that of his aides. It is thus that Jefferson's so-called *laissez-faire* doctrine has so often been explained. But a careful study of Jefferson will disclose that he found a tremendous amount of government intervention necessary, even in an agricultural society, to prevent men from injuring one another. Jefferson's career as a legislator in Virginia during the American Revolution and as President of the United States should be contemplated by those who quote the great democrat in support of the non-intervention of government. Jefferson, Pendleton, and Wythe drew up a new code, which was calculated eventually under the leadership of Jefferson, Mason, and Madison, to revolutionize the social and economic fabric of Virginia. The laws of primogeniture and entail were abolished, with the result that a redistribution of landed property took place not unlike that which resulted from the French Revolution. Jefferson was thoroughly familiar with the destruction of the yeomanry in England by the entail, primogeniture, and the Enclosure Acts. Tidewater Virginia was in his day rapidly developing into a country not unlike England which Goldsmith was describing as a land 'where wealth accumulates and men decay.' Under the influence of Jefferson the Episcopalian Church was dis-

established, its property appropriated; he introduced bills to establish a system of public schools the like of which had not been dreamed of since the days of Plato. He lived to see the University and part of the lower system established. The Embargo of 1808–09 upon all commerce, laid down at the behest of Jefferson as President, was the strongest intervention of government in business known in America till 1917. These are fundamental illustrations of the Jeffersonian conception of the rôle of government in the affairs of man. He was unafraid of government except when in the hands of the enemies of free government.

I have said that the cardinal principles of the Jeffersonian or early American doctrine of government were the rights to life, liberty, pursuits of happiness, self-government, and property, and that these rights were great ends in themselves and that in turn each was an instrument to secure the other. The greatest of these instruments, indeed, the *sine qua non* for making possible the other rights, was the right to own property. If they had thought of the great political principles enumerated as stones in the arch which upholds the State, then the Jeffersonians would have considered private property as the keystone of the arch, without which the whole thing must fall. But what was the Jeffersonian conception of private property? Not great corporations, trusts, monopolies, banks, or princely estates, in brief, not great wealth concentrated in the hands of the few, but land and other property held or obtainable by all self-respecting men. Such property thus widely held must, of course, in the very nature of things, be *personally controlled*, or it would cease to have much value as the basic instrumentation of the right to life, liberty, the pursuits of happiness, and self-government. The *ownership* and *control* of productive property sufficient for a livelihood gave a man and his family a sense of economic security; it made him independent;

he was a real citizen, for he could cast his franchise without fear and could protect the basic principles of his government. Jefferson regarded stocks and bonds as an insecure economic basis for a free State, for even in the eighteenth century directors and presidents of corporations understood, perfectly, the art of avoiding the payment of dividends to small stockholders who had no voice in directing the management of the business. The insecurity of citizens who depended upon such property over which they no longer had control was doubtless a strong factor in the Jeffersonian advocacy of the agrarian State. Perhaps the Jeffersonians believed that city life was not a good life, but the loss of economic independence and security which accompanied this life was what made the great Virginian and his colleagues fear urbanization and look upon land as the best form of private property and the only safe basis of a free State.

The Hamiltonian conception of property was great wealth concentrated in a few hands, and he and his disciple Marshall, and their disciples, proposed and propose that government and society be run in the interest of the rich and the well-born. Under the Hamiltonian philosophy, Dives might throw crumbs to Lazarus and permit his dogs to lick the sores of Lazarus; but that is the end of his obligation.

If one combines the economic and social unbalance created by technological development with the friendliness of government to great wealth, which I have just sketched, he has in his hands the principal factors which have produced conditions from whose worst consequences we may not be able to escape. Primarily as a result of government by and for great wealth, private property has almost been destroyed. Forty or fifty million American citizens are living on an economic level hardly more comfortable and less secure than that of the cave man of twenty thousand years ago. Another fifty million are desperately, and with a constant sense of in-

security, struggling to meet the daily needs of existence. Perhaps the other twenty or thirty million are living well, but I challenge that. As for the two hundred corporations and the few thousand men who own the bulk of the resources of the United States, at least it can be said that they are able to meet their desires; but they are living in great insecurity because they fear that they will be heavily taxed, and that there may be danger of communism. From top to bottom, from rich to poor, there is a feeling of insecurity. No one but a fool feels safe.

In simple words let me repeat that private property, widely distributed, which formed the basis of the early American State, has all but disappeared. The keystone of the arch which supported the free State, the property State, which was able to challenge the theory of the totalitarian State, whether the absolutism of a monarch by divine rights, an absolutist British Parliament, or a modern fascist or communist State, is crumbling. With the disappearance of private property has disappeared much of the popular reverence for property. The average man does not truly know what property is. To him — in a vague way — it is something he can touch or see or comprehend with his senses; but he is dispossessed of such. Stocks and bonds and banks and securities are meaningless. He owns none and his friends own none. In any case he has no control over his property.

The propertyless folk of Italy, Russia, Germany, and even Japan have given up claims to freedom, or any of the human rights which the Jeffersonians thought of as the natural rights of man, in exchange for economic and social security or promise of such security. In America, where the tradition of freedom still persists, such an exchange would not be made so readily and openly; yet millions — I dare not contemplate how many millions — of Americans are this day ready to trade in (as they would trade in the battered remains of an old car which

will not run and which they doubt can be made to run) any residue of abstract liberty which they still may lay claim to, in exchange for bread and circuses; and millions more are half-decided; while the great mass of American people must, within no distant time, come to the conclusion that it is better to be well-fed slaves with their families secure than to cling to a freedom which leaves them upon the streets and their children to die of exposure or grow up as beggars, and their franchise to be bought for a cup of coffee. The right to life, the right to liberty, to the pursuit of happiness, the right to govern oneself, the right to own property, all natural rights must give way to the fascist or communist totalitarian State which guarantees security and denies freedom — unless private property is put back into the hands of the disinherited American people.

Corporate and Private Persons

RICHARD B. RANSOM

I

THE Federal Constitution was originally drawn not only to grant power to the National Government, but strictly to reserve to the several States or to the people every authority not specifically entrusted to the Federal Government. The Constitution makes no mention at all of corporate organizations, perhaps because the use of these for the conduct of ordinary business was practically unknown to the America of the eighteenth century. The several States are therefore quite clearly within their competent authority in granting corporate charters and regulating corporate forms, and the National Government is quite as evidently ill-equipped to create or control corporations except for strictly Federal or interstate functions. Yet, and by a most convenient legal fiction, both State and Federal courts have assumed that the Constitution guarantees to corporate entities every appropriate legal and property right in which it protects the private citizen. This is a richly fertile assumption. Under its stimulus corporations have not only flourished and monopolized the most productive business fields within the States, but have made a veritable legal jungle of the no-man's-land that lies between States' rights and the entrenchments of the national authority. The extent of that territory has never been mapped or precisely defined, and practically its only explorers have been

corporation lawyers and criminals seeking refuge. Neither of these is primarily concerned with the public interest.

Corporations differ from natural persons in at least three essential particulars:

1. They are permanent, except as an occasional corporation is limited in its tenure of life by some special legislative grant or charter. On the other hand, the term of a natural person is limited by his expectation of life, and at his death his estate is divided among his heirs and further diminished by the taxation of inheritances.
2. Their responsibility is impersonal, and the responsibility of their organizers and owners is limited by statute or charter. The responsibility of the private individual for his acts and for his debts, however, is personal and unlimited, and extends from his person to his entire estate rather than to a particular form of liability or limited type of transaction.
3. Corporate management may in practice be entirely independent of its titular or actual ownership; but as to the property of private persons, this is not ordinarily practicable for any considerable length of time.

In each of these respects corporations have become far more independent of natural law and more ruthless in their competition with private citizens than was ever contemplated in their original statutory authorizations, and they are much more difficult to restrain or control than would be the case if the operations of each were confined to the State which originally chartered it. By legal courtesy corporations are persons; by legislative sanction they may possess the control of property or services without specific accounting and independent of any personal responsibility; by business custom their managements may collectively accomplish corporate acts and corporate policies which any decent personal morality would reject as illegal or unfair.

Modern conditions have vastly multiplied the eco-

nomic uses of corporations in business, and their number, complexity, and size make their impact upon individual fortunes and upon the social order too grave to be uncontrolled. Their restraint can no longer be safely entrusted to the same legal sanctions and to the same codes of ethics which may quite adequately control private enterprise and private persons.

II

The total usefulness of corporate forms seems to me to be overrated, and much of the efficiency of the large corporation is either illusory or highly questionable. Much of the supposed economy of large corporate operation can certainly be resolved into an anti-social manipulation of the fields within which the corporations themselves function rather than into any excellence of management within their own internal controls. The total advantages of the corporate organization are its permanence, the possibility of an indefinite expansion, the absence of personal responsibility on the part of its owners, flexibility in the sale, division, or aggregation of shares in the enterprise, and the possibility of a long-term or semi-permanent control of credit. None of these are in themselves conclusively inimical to society or to private enterprise, but each of them is a dangerous weapon for uncontrolled use in any competitive field. It is certain that many of the fields of American business are now entirely monopolized by corporations, and many others are rapidly being subjugated into corporate possessions or corporate spheres of influence.

When Standard Oil in its early days gained control of the petroleum industry through illegal and secret transportation rebates which enabled it to undersell competition and dictate exclusive trade agreements, the practices followed were not examples of corporate

efficiency, but were conspiracy and theft. Later on, the separated Standard companies, together with the Texas Company, Gulf, and the larger independents, hit upon the scheme of the posted price. This is a means by which they conceal evidence of agreement among themselves, and at the same time arbitrarily raise the price of their product where they competed only with each other, while they jointly undercut the prices of their smaller competitors in other localities. This is still one of the two major sources of profit to the larger oil companies. It is in no sense efficient in the interest of the entire industry or of the public. It is simply a scheme to evade State regulation through collusion, while at the same time it evades Federal regulation by splitting company stocks and company profits into separate sets of company accounts, each of which claims the immunities of a local and intrastate business.

When a modern corporation, whether operating in oil, sugar, copper, steel, machinery, transportation, or chain-store selling, subdivides and standardizes the duties of each employee until he is a specialist within a very narrow and mechanical mold, the apparent economy in production or in sales may be attained at the cost of a tremendous and deadening overhead supervision, plus an extremely low wage scale for the vast majority of company employees. In the retail grocery trade, for instance, governmental research has made a number of comparisons of chain-store organizations with groups of small independent grocers doing an equivalent total of business. It has invariably been found that the chain has a slight advantage in the purchase of quantity goods, ranging from one per cent to as much as twenty-four per cent in some particular small-selling items. A larger proportion of the chain corporations than of the independent grocers are found paying dividends. More significant than this, however, is the fact that even while the chain store appropriates

to its profits the larger part of its saving in quantity purchases and sells its goods at a higher average mark-up in prices, yet the independent groups always pay a higher average profit in the combined items of dividends and wages than do the chain stores, and there is invariably a higher average wage paid by private individual grocers than by the chain-store corporations.

The fact that the Aluminum Company of America monopolizes more than ninety per cent of aluminum production in this country is not in itself any striking evidence of corporate efficiency. Quite to the contrary. The ten-year fixed level of aluminum prices which the company has arbitrarily maintained overlaps four years of the greatest depression and price decline in modern industrial history, and is only an indication that aluminum profits are primarily dependent upon a monopoly of patented processes and an uneconomic exploitation of the consuming public.

The permanent lease on life which corporations possess tends more and more to concentrate within a few hands the ownership and control of general property. In 1928, two hundred of the largest American corporations were said to be owners of more than fifty per cent of the income-producing property within the United States, and were reputed to be the primary producers of an even larger proportion of the total national income. It is probable that the process of concentration has been hastened by the depression. Since 1928, for instance, the loan corporations financed by the United States Government alone have come into possession of more than one fourth of the real estate mortgages of the nation, the twenty largest life insurance companies hold nearly sixty per cent of the remainder, and less than five per cent of the total are in the hands of private individuals. The disproportionate distribution of the national wealth is very evidently due in large part to the corporate tendency to mass larger and larger aggregates of

ownership which are held together by corporate permanence and corporate inertia long after the economic advantage of their first grouping has disappeared.

Corporate permanence beyond a single generation with the prospect of an indefinite continuance surely encourages corporate managements, and encourages the incorporated vendors of credit, to defer and to refund the payment of their bonded indebtedness. This not only absorbs a source of credit which should be mobile and directed toward newly productive enterprises, but the totals of corporate debts are thus continually compounded and far exceed the proportion of debts to assets usual for privately owned property. Further, the very human tendency of a delegated corporate management to preserve dividends by issuing bonds and stock certificates to cover the costs of new business and plant extensions inevitably leads to an exaggerated and unsound expectation of permanently maintained corporate profits. In such case it is also inevitable that any interruption to corporate profits or shock to the maintenance of contractual obligations is magnified by the abruptly realized insecurity of a large part of the pyramided corporate structure. Both as a cause of the present depression and as an active ingredient in the panics which mark the first stages of every depression, expanded and long-time corporation debts are not a source of security but are highly dangerous.

Corporate limitations on the individual responsibility of their organizers and the owners of stock, and the independent form which the management of the larger corporations tends to take, are even more socially objectionable. In the two hundred American corporations referred to above, there are less than three thousand separate individuals serving as directors. Of these perhaps one third to one half take no active part whatever in their management. On the other hand, there are perhaps one million to one and a half million separate in-

dividuals, investors and putative owners of these corporations, who enjoy the expectation of profits without responsibility, and most of whom are both ignorant and morally unconcerned as to the management of their property. Large corporation practice has thus transferred to the field of American business precisely the same deadening economic and social results that flow from absentee landlordism, but complicated by the fact that our corporate system involves a vastly larger number of absentee owners and exploited employees than were ever anywhere involved in the delegated management of landed estates.

Limitations of space and patience prevent a more complete catalogue of items indicating the necessity for adequate corporation controls. In such a catalogue would certainly appear the telephone trust, the holding companies, some of the public utilities, the sweatshops of the garment trades, the textiles, and the State-chartered corporations owned by the National Government.

III

In bringing some sort of order into the confusion of corporate problems, the first necessity appears to be a clear separation of the fields of State and national control. I propose, therefore, a clarifying constitutional amendment giving to the National Government the exclusive control of corporations doing an interstate business or already under the national control. This amendment would include under national regulation, for instance, the banks and a small number of corporations already chartered under national authority, as well as all other corporations whose operations cross State lines. To the States would be left the exclusive regulation of local and intrastate businesses.

The political implications of such an amendment and

the conduct of the campaign for its adoption must be left for other treatment. We may consider here, however, some of the possible means of regulation that the States and the Congress might adopt in their several fields, and may suggest a workable and consistent philosophy of general corporation control.

With the simplification of the States' responsibilities in corporate affairs, it seems to me that they might well make their regulation of intrastate and local corporations less complicated than is now the practice in the majority of States, and should undertake somewhat to restrict the probable length of profitable business life of the corporations which they charter. This could perhaps be done by means of heavy selective inheritance taxation on the transfer of corporate shares or assets. Such a shorter term of corporate life, either accomplished indirectly as suggested here or accomplished by more immediate means, will produce a more direct personal responsibility in corporate managements; will encourage the formation of new business concerns whose services and policies are a natural response to immediate social and business needs; and will considerably decrease the probability that corporate organizations will acquire fixed special privileges or the permanent control of social services. Even more important in orienting the State corporation in the national picture is the effect that these restrictions will have on corporate debts. The shorter term of profitable corporate life will bring corporate bonds into more equitable competition with private individuals seeking credit, will very definitely discourage refunding operations which both expand and overload corporate debts, and will make the personal responsibility of corporate managers and corporate owners a more important item in the discovery of corporate credit.

The authorities of the Congress under the proposed amendment will be exercised exclusively in the regu-

lation of nationally chartered corporations. Such a general declaration of governmental policy is set out in the following items:

1. The requirement of Federal incorporation of all corporations subject to Federal regulation, and their classification into one of at least three general groups:
   A. Corporations engaged in interstate business or trade, but whose operations are not notably affected with a public interest.
   B. Charitable and educational foundations, public service corporations, banks, and others notably affected with a national public interest, but not such that it is advisable that the Federal Government directly own or operate them.
   C. Corporations whose public character is such that their national ownership is highly probable or is in some state of accomplishment.
2. A planned and graduated supervision of Federal-chartered corporations, ranging from a minimum oversight of charter provisions and regulation of debt issues in the first group, to a complete Federal administration or ownership of some particular corporations in the third group.

The philosophy of Federal regulation set out in these items assumes that the combination of private interests into corporate aggregations is both legitimate and necessary, but it also assumes that such aggregations are only to be allowed when clearly in the public interest. These articles of general policy also imply that there are limitations on the proper exercise of governmental control quite as fundamental as any authority that a constitutional amendment might confer. They clearly indicate that the proper function of governmental interference in corporation management is oversight or regulation, and not government operation; and the maintenance of this principle is fully as necessary to corporate integrity as is the balance of governmental powers to the liberty of the private citizen.

Any constitutional amendment and the proposed definition and direction of the powers which the Congress will assume must be implemented by some body of specific regulation and by the organization of executive means for their enforcement. While it is impossible at this time to propose the precise form and total amount of such regulation, I suggest a number of items for more extended consideration.

I believe that the personal liability of the stockholders for the debts of a Federal-incorporated organization should be extended in an amount at least equal to twice the proportionate investment of each stockholder. This is a step toward greater personal responsibility of the stockholders for the conduct of the company, but does not at all complete the regulation necessary, as it is manifestly impossible for all the stockholders of any large corporation to be responsible for every act of the corporate concern. Personal partnerships render every member of the firm liable for the entire amount of the firm indebtedness. This responsibility is at first jointly and proportionately undertaken by all the members of the partnership, and next individually assessed to any single member of the firm whose private means are not exhausted by the joint assessment. Except in the case of national bank owners, the present personal liability of corporate owners does not exist unless the possible loss of value of the stock may be called a liability; under the suggested arrangement each stockholder would be personally responsible for a possible double proportion of the corporate debts after the joint responsibility had exhausted the private means of the other stockholders, a limited and yet a flexible responsibility.

All issues of stock in a Federal corporation should be under governmental supervision; and issues of bonds of any corporation should also be supervised, together with the debt services set up for the retirement of bonded indebtedness. As a general business principle,

no corporation should issue or refund its evidences of indebtedness except as debt services are currently set up and provision made for the orderly retirement of the debt. Ordinarily no corporate bonds should be allowed issuance where the term of repayment is excessively deferred, and permanent obligations should be replaced by issues of stock. To protect the interests of private individuals in the competition for business credit, the usual term of bonded indebtedness should not be longer extended than the normal expectation of business life for the private individual, which is perhaps a term of twenty to twenty-five years. Some such control in the national interest is equally imperative to check the increasing totals of corporate debts, an increase which is not only explosively dangerous in periods of depression, but which implies such progressive expansion of the fields of corporate exploitation that periodic collapse of the entire structure of corporate profits is inevitable. Expansion of debts in compound proportion is the fundamental fallacy of American business.

The Congress should impose a corporation charter tax of perhaps one half of one per cent annually on the par value of all corporate stocks, plus an assets tax of perhaps three quarters of one per cent on the assets of any corporation in excess of the total value of the corporate stock. It should forbid the issue of any no-par-value stocks except in case of non-profit or charitable corporations. Such a system of primary taxation would provide a very considerable Federal revenue, and would much more than cover the entire cost of Federal supervision. It would in particular keep the capital structure of corporate units so responsive to the actual corporate condition that supervision would be easy and the responsibility of the owners of any corporation much more definitely fixed than is now possible.

The Federal Government should restrict the holding of stock in one corporation by another, and should care-

fully define the functions of management and investment corporations. By means of selective confiscatory taxation on the transfer of corporate profits from one corporation to another, the Government should make the operation of holding companies unprofitable except in the execution of trusteeships and similar non-management relations.

It is, of course, impossible to give in much detail any complete survey of the regulations that will ultimately be found advisable. Everyone can see, however, that our anti-trust laws need revision; the present Securities Bill should not longer exist upon the very uneasy constitutional pretext of a simple postal regulation; and the President's Public Utilities Bill will continue to be only an isolated raid upon corporate business and a discrimination against the investment of private capital in the utilities field unless it is made a part of a rational, unified, and complete national policy.

IV

Finally, and in anticipation of several objections certain to be raised, some definite treatment of the whole corporation problem is the only alternative either to a cumulative continuation of the present inequitable system or to the complete obliteration of private business enterprise by the overwhelming control of a socialist or corporate State. I cannot anticipate any improvement from within the system itself, nor can I think it possible that the separate States can so concert their control of interstate business as to produce any permanent reform without the aid of the National Government.

The present corporate economy cannot do other than oppose the private economy; it must by its very nature continue to lessen private opportunity and the security of the individual; and it must very often and finally propose the corporate exploitation of every individual and private right.

Notes on Liberty and Property

ALLEN TATE

I

A LAYMAN, like myself, is likely to think that property is a simple thing. It is something you *own*. A second glance dispels the illusion. For property rights, even in the simplest state of society, are not absolute, but relative. And only by thinking of them as relative — subject to obligations, limitations, and liabilities — is it possible to understand property at all, particularly the modern corporate variety. The seeming simplicity of mere *ownership* does not bear analysis.

If property is a relative term, so is liberty, and in exactly the same way. For to the extent to which a man or a social group controls the property by which its welfare is insured is the man or group possessed of liberty.

Liberty since the time of Marx has ceased to mean merely individual liberty. The crucial issue between property and collectivism is whether any content that the word liberty has can be attributed to a group or is strictly the attribute of an individual who enjoys a certain control of the means of production. Can a group own property? If it can, may it be said that a group as large as a whole State can own it? This question, to be answered in any way that makes sense, must be looked at practically. Legal ownership does not always mean effective ownership. The drift of my argument is that there is a point at which effective

ownership ceases, although the legal fictions sustaining 'property' may hold that beyond that point ownership endures. Effective ownership ceases at the point where a certain kind of effective control ceases. So, a defender of the institution of private property will question not only the collectivist State, but also large corporate property.

When the means of production are 'owned' by the entire citizenry, the control passes to the State. When a certain large part of the means of production, say one of the heavy industries, is owned by thirty thousand stockholders, the control of their ownership passes to a small group of men. In each case, collectivist ownership or corporate ownership, the property rights are legal. A large group then may legally own property. But is its ownership in any sense *effective*? A man owns a hundred thousand dollars' worth of stock in the United States Steel Corporation. His property rights in that corporation entitle him, apart from the largely fictitious 'privileges' of such ownership, to hope for a certain cash dividend. He may also sell his stock. The dividend and the privilege of selling the stock are his sole property rights. He cannot effectively question the amount of the dividend, nor can he dictate the policy of the corporation. He has no control over the portion of the means of production that he owns: he has no effective ownership.

In a collectivist State, in which private accumulations of capital are prohibited, a man would not have a hundred thousand dollars to 'invest.' He would not be permitted to 'save' the surplus income of his labor so that he could apply it to future production — he could not 'let his money work for him.' The collectivist State itself would accumulate the capital for future production: the individual would 'own' that capital only in the sense that it would be there to combine with his labor for production of collective wealth. And if

the units of production are properly balanced — corn with wheat, wheat with steel, steel with cosmetics, all with one another — he may expect a certain security. But he is not free. For it cannot be said that he in any sense controls the means of production. Control, the power to direct production and to command markets, is freedom.

II

The history of property in the United States is a struggle, from 1787 on, of one kind of property against another. Small ownership, typified by agriculture, has been worsted by big, dispersed ownership — the giant corporation. This must be kept steadily in mind. Without this fact it is easy to fall into the trap of the Big Business interests today, who are trying to convince the people that there is *one* kind of property — just *property*, whether it be a thirty-acre farm in Kentucky or a stock certificate in the United States Steel Corporation. For if there is a contest merely between property and non-property — between real private property, as the average American understands it, and collectivism, the small owner will come to the support of the big corporation. And this is what the big corporation is using every means to make the small owner do.

The owner of the small farm, of the small factory, of the village store, owns a distinct kind of property. It is the familiar, historical kind. The reason why the 'little man' confidently identifies his interests with the big interests is that he cannot imagine another kind of property than his own. He thinks that there is just 'property,' and that he has been less successful in accumulating it than Mr. Mellon. Of course the corporations know better. And they take advantage of the innocent rectitude of the owner of genuine property. There could not be a more grotesque proof of this inten-

tion of Big Business than the Liberty League, which uses liberty and property as slogans in a campaign to deprive the American people of what little liberty, what little property, they still have.

A movement to restore property to the citizens of this country must be based upon a broad distinction. The people must be shown the fundamental difference between tangible property, which means effective control by the owner, and giant corporate property, which usually means control by a clique. The people must learn that giant corporate property is no less hostile to their interests than State, or collectivist, ownership — that the big corporation is socially less responsible and eventually less efficient than collectivism.

The joint-stock corporation, when overgrown, is the enemy of private property in the same sense as communism is. The collectivist State is the logical development of giant corporate ownership, and, if it comes, it will signalize the final triumph of Big Business. 'All the arts,' said Walter Pater, 'strive toward the condition of music.' Corporate structure strives toward the condition of Moscow.

It will have reached that condition when the integration of the big monopolies requires still further concentration of control in the hands of the State, and when ownership is so dispersed that it will be coextensive with society as a whole.

III

What is effective ownership? It is not a metaphysical essence. Unlike liberty it is not a thing of the spirit. Common sense can recognize it. The effective ownership of property entails personal responsibility for the use which is made of a given portion of the means of production. A true property system will be composed of a large proportion of owners whose property is not to

be expressed solely in terms of exchange-value, but retains, for the owner, the possibility of use-value. Pure liberty would be the power of the owner to choose between selling and using. Actual liberty is the power of choice relative to 'conditions.' But as the freedom to 'use' disappears, liberty begins to disappear. There has never been a society in which use-value has been the exclusive kind of value; no such society is being recommended now. But the degree of use-value that any society retains is the degree of its approach to liberty.

A farmer owns a hog. It has two values — use-value and exchange- or market-value. The farmer's ownership is effective because he has the relatively free choice between killing the hog for his smokehouse and selling it on the market.

No such choice is open to the stockholder in the giant corporation. He holds a certificate of rights and expectations. In order to make good the rights and to fulfill the expectations of the 'owners,' the corporation has got to sell its commodity. Its concern is wholly with exchange-value. The 'liberty' available to the stockholder consists in the degree of *power* the corporation has from time to time over the market. If it lacks this power the stockholder has no liberty whatever. The farmer, if he is protected by a system of prices and distribution favorable to agriculture, enjoys a kind of liberty, the real kind, that can function apart from power over others. Compare his position with that of a corporation which makes tires. The market for tires in a given year is bad. It cannot eat the tires, nor can it operate enough cars of its own to consume them. Neither can the stockholder consume tires to the amount of 'expectations' (dividends) due him. He may look at the pretty pictures on his stock certificate, and starve — or he may sell the stock at a price that he cannot dictate.

It is not suggested that everybody make his own tires

in a system that requires by law universal production for use. It is rather that finance-capitalism has become so top-heavy with a crazy jigsaw network of exchange-value that the individual citizen is wholly at the mercy of the shifting pieces of the puzzle at remote points where he cannot possibly assert his own needs and rights. This was not originally the American system. We began with the belief that society should be supported by agriculture, the most stable basis of society because it is relatively less dependent upon the market than any other kind of production.

Now this is elementary, and that is why Big Business does not include it in its propaganda today. Nor is Big Business interested in the responsibility of property, an attribute of ownership no less important than legal title itself. Responsibility is a function of control, and is necessary to effective ownership. A stock certificate is a symbol of a certain amount of capital working somewhere to produce a certain amount of exchange-value from which the 'owner' hopes to derive a certain amount of profit. But dispersed ownership guided by concentrated control deprives the owner of the exacting privileges of responsibility. For control alone makes responsibility possible. It doesn't make it inevitable. The history of the big corporation shows that the men in control, having a remote, symbolic, paper connection with the owners, can violate their responsibility in two ways — by milking the stockholders and by stealing from new capital issues.

And the social aspect of responsibility cannot exist. The corporation must produce for the market; labor is necessarily an inhuman item of costs. If the stockholder has no chance to be responsible, neither has the chairman of the board. Both are involved in a system of property rights in which responsibility to labor is on principle irrelevant. The corporation has only the freedom of power, not responsible freedom of choice.

It must be un-responsible in the sense that a man may supposedly be un-moral. The corporation may choose to give its labor numerous 'social services' in sheer humanitarian ebullience. Labor gets as philanthropy what is due to the free citizen as a fruit of his labor.

Changes in the character of property since the rise of the big corporation are ably summarized by Berle and Means [1] under seven heads:

(1) Ownership under real private property was active. It is now passive, under the corporation.

(2) Ownership formerly meant an extension of the owner's personality — a connection between personal and physical property that gave to property a moral significance that it now lacks. 'With the corporate revolution, this quality has been lost to the property owner much as it has been lost to the worker through the industrial revolution.'

(3) The individual's wealth is no longer an expression of his own efforts. The moral significance of this is obvious. Wealth is now conditioned by (*a*) those in actual control of a business and (*b*) the general confidence of society in its future prosperity — usually herd feeling.

(4) A man's wealth is capital — ownership of a portion of the means of production. It fluctuates under constant appraisal; that is, its exchange-value is subject to constant revision.

(5) Individual wealth has become extremely liquid; it is quickly convertible from one form to another. The facility of the 'market' is a factor to be considered in the decline of the responsibility of ownership, which has become fluid and anonymous.

(6) Wealth exists decreasingly in a form which can be employed directly by the owner. When wealth was in the form of land, it could be used by the owner even

[1] Adolf A. Berle, Jr., and Gardiner C. Means: *The Modern Corporation and Private Property*. The Macmillan Company, 1933.

if its market-value was negligible. 'The physical quality of such wealth makes possible a subjective value to the owner quite apart from any market value it may have. The newer form of wealth is quite incapable of this direct use. Only through sale in the market can the owner obtain its direct use. He is thus tied to the market as never before.' (A man can love the land, and I suppose men loved the small, vineclad factories of early New England. The man who loves the United States Steel Corporation could make a good living in a side-show.)

(7) 'Finally, in the corporate system, the "owner" of industrial wealth is left with a mere symbol of ownership, while the power, responsibility, and the substance of ownership which have been an integral part of ownership in the past are being transferred to a separate group in whose hands lies control.'

To summarize, historically, this summary: since about 1760 in Great Britain and since the Civil War in America, *one attribute of property as it existed for five hundred years has been steadily lost.* That attribute is the responsibility of personal control. The other attribute remains: legal ownership. But without control its future security must necessarily be tenuous. If the legal remnant of ownership should disappear, as it must if finance-capitalism cannot get on its feet again, the last vestige of the institution of private property will be gone. It will be replaced by collectivist ownership. Possibly the change will be ushered in by another depression, followed by great industrial liquidations. The big productive plants will remain, with ownership even more dispersed than before: through society as a whole; and with control even more concentrated under a fiction called the State.

IV

Figures obligingly prove anything.' But there are no figures to prove that the concentrated control of property is not enormous.

Of the total business property of the country 78 per cent is corporate. There are over five hundred corporations each with assets of over $100,000,000. The two hundred largest control 49 per cent of *all* corporate wealth, which includes the thousands of small corporations. Nearly 40 per cent, then, of all business wealth, both corporate and private, is controlled by the two hundred corporations.

In 1929, the national wealth was about $367,000,000,000. The total assets of the two hundred big corporations was about $81,000,000,000, or 22 per cent of the national wealth. (These corporations are non-banking.) The figures are taken from Berle and Means, who comment:

> [The big corporation's] political influence may be tremendous. Therefore, if roughly half of corporate wealth is controlled by two hundred big corporations and half by smaller companies, it is fair to assume that very much more than half of industry is dominated by these units. This concentration is made even more significant when it is remembered that as a result of it, approximately two thousand individuals out of a population of one hundred and twenty-five million are in a position to control and direct half of industry.

These two thousand men control the wealth of a little under six million investors — a ratio of one to three thousand.

In 1819, Chief Justice Marshall, in the famous Dartmouth College Case, described the corporation as 'an artificial being, invisible, intangible, and existing only in contemplation of law. Being the mere creature of law, it possesses only those properties which the charter of its creation confers upon it, either expressly, or as incidental to its very existence. Among the most important are immortality, and, if the expression may be allowed, individuality; properties by which a perpetual

succession of many persons are considered as the same, and may act as a single individual.'

If the concentrated control of wealth is to be immortal, its next avatar is not likely to be a bigger and better capitalist corporation. The Marxists believe in the big corporation for two, to them, excellent reasons: (1) they like centralization as a good thing in itself; and (2) they like it as a means. Not only is the big mass-production unit easier to 'take over' than distributed units; the two thousand men in control of the two hundred big corporations would be easier to eliminate than the six million scattered owners who control what they own. So the Marxists hymn the big corporation as the result of 'economic determinism' (divine order) because they know that it has already accomplished the first stage of the journey toward the collectivist State: the impotence of dispersed ownership under increasingly concentrated control. They are pleased because one of the two chief attributes of historic property is virtually destroyed.

For the Marxists know that legal ownership alone is nothing, that the secret of power is control. Let us imagine a country doctor in Alabama or Nebraska. He would not only be willing to fight for his farm or for his partnership in the local button factory; he would also be *able* to fight for it — though at present it might be a difficult war — because he would be able to see it, recognize it, understand its relation to the town as a whole, because he would be able to put himself in front of it and shoot. But he would not know whom to shoot at if (*a*) the rubber corporation in Ohio, in which he owned stock, had to liquidate, or if (*b*) the assets of the corporation were seized by Mr. Norman Thomas for the State. He might decide to shoot the mail-carrier who had repeatedly failed to deliver his dividend check. That would be a kind of political action — about as effective as he finds possible at present in a society

paralyzed by the destruction of effective ownership, by the divorce of ownership from control.

Now, it is said that this state of affairs existing between the immortal corporation and the mortal owner — to say nothing of the present non-owner who is as good as dead — has been brought about by 'economic determinism.' Nature decided in favor of Big Business from the beginning. Nature did nothing of the sort, and there is no determinism about it. There is only the determination of those in power to perpetuate and to continue to control the giant corporate system. What exists in contemplation of law can cease to exist in contemplation of law. Corporate property has reached gigantic dimensions under protection of certain legal fictions: when the law made the abstract corporation a person, gifted with the privileges of real persons but with few of the responsibilities, it established a fiction that has gradually undermined the traditional safeguards, the truly functional property rights, embodied in the older common law.

Shall we make a law to undo bad laws and to set up a better older law? It sounds comfortingly too simple. Yet if the people were convinced that the collectivists wished to eliminate the two thousand men only to dispossess the rest of us more thoroughly, they might decide to eliminate the two thousand themselves — to get control of their property again.

V

The struggle is not new. It is the meaning of American history. Hamilton and Jefferson are the symbols of the struggle. Its story is told elsewhere in this book. The next phase of the contest is doubtless near, but how the lines will be drawn it is impossible to predict. There are two general possibilities: We shall drift with the corporate structure of emasculated ownership until all

trace of widespread control vanishes: that would be the tyrant State where corporations would be bigger than now and the two thousand men reduced, say, to twenty. Or we shall return to real politics, resume our political character, and reassert the rights of effective ownership.

I am not suggesting that the American Telephone and Telegraph Company break up into jealous units, one for each county. But I do suggest, if the institution of property, corporate or private, is to survive at all, that we keep only enough centralization — of production as well as control — to prevent gross economic losses and the sudden demoralization of large classes of workers. Our objective has been the big corporation. We must change it. Our objective should be the private business. Corporations are not yet big enough to satisfy the corporations. Nor doubtless will property ever be widely enough distributed to please the absolute distributist. Distributed property should nevertheless be the aim.

Or put it this way: We have been mere economists, and now we have got to be political economists as well. Economics is the study of wealth. But political economy is the study of human welfare.

We have tried to produce as much wealth as possible. It cannot be denied that technology and corporate ownership have combined to increase staggeringly the aggregate wealth of modern States. But it is an equivocal wealth. The aggregate wealth of a nation may be stupendous, and the people remain impoverished. Let us assume, what need not be true, that the total wealth of the property State would not be so great as the total wealth of the tyrant State. Yet the well-being of the people would be greater all-round. If we are to achieve so desirable an end, we have got to add politics to economics in order to get a sum that we may, perhaps, call citizens. For politics is — or should be — concerned with the welfare of persons, which is not always

the same as their capacity to produce the maximum of goods.

VI

The skeptics about the property State, and even some of its friends who misunderstand it, assume that we are advocating something like this: Every man must live on a farm, hew his own logs for his cabin, make his own clothing — after tending the sheep and growing the cotton — raise all his food, and refuse to have electric lights. I should like to use this derisive idyl as a boomerang. Even though personal production for use throughout society is now neither possible nor desirable, it should not be forgotten that the nearer a society is to personal production for use the freer it is. We are not, therefore, crying for absolute liberty; we do want a little of it — as much as can be got when the majority of men own small units of production, whether factories or farms.

We do not ask everybody to live on a farm, nor — since we are allowing ourselves a little exchange-value in the property State — do we ask everybody to rush out as soon as he has read this book and buy a small store, a small factory, a small automobile, or a small football team.

At present the buyer of a farm would probably, in a year, be glad to run from his debts, and give it to the insurance company; or should he not be glad to run, he had better try to be. A farm now is not necessarily property. We want to make it property again. A small grocery store may represent certain paper property rights, but in view of the six chain stores surrounding it, it does not represent the same property rights as it did a hundred years ago. We want the store to be property again. Altogether it does seem to be a modest wish. For it is not only necessary to buy the farm or the factory, it is necessary to keep it. It can be kept if we can

restore property rights that unite again ownership and control.

Ownership *and* control are property. Ownership without control is slavery because control without ownership is tyranny. Under finance-capitalism liberty has been defined:

> Liberty itself is empty and meaningless. Its meaning is in its content. Its content is freedom to choose.... The economic equivalent of liberty, therefore, is freedom to choose between two degrees of power over other persons.[1]

This Hobson's choice, in a system in which the owner-without-control has not even the freedom of power, becomes a real choice in a system of real property. And the real choice is a moral choice; it gives the human being the opportunity to survive economically without exercising power over others. Pure exchange-value represents the power of its owner over other persons. Pure use-value represents the owner's liberty not to exercise power over other persons, and his independence of their power over him. The property State stands for a reasonable adjustment of these extremes.

The liberty of power is the only kind possible in the corporate system. But liberty in the true sense is grossly caricatured when it is replaced by the mere possibility of power over our fellow men. Even that kind of liberty is denied to the great masses who have no power at all.

[1] John R. Commons: *The Legal Foundations of Capitalism*, p. 29. New York, 1924.

'But Can it be Done?'

HERBERT AGAR

I

AN APPEALING idea, but it's impractical. There's no way of making it come true.' This is the standard criticism from people who oppose the thesis of our book. Few of our opponents — even among communists, even on Long Island — deny that the American dream has charm. The heart of America is still given to the ideal of a non-monopoly capitalism, the ideal of a land of small owners, independent, democratic, with a feeling of equality. But many of the best minds of America deny that such an ideal can ever again be attained, or even approximated. Some say that the attempt to make the American dream come true must lower our standard of living; some say that such an attempt means turning our back on progress; some say that Marx, or Spengler, or another prophet, has proved that there is only one possible future, and that the attempt to evade it is a form of weak-mindedness. It is my purpose in the present chapter to suggest that these arguments are bad economics, bad politics, and bad history.

As prologue I quote a few sentences from a modern historian: 'The one thing to beware of is "practical politics." The practical work of the world is not done by politicians, and never will be. Politicians are concerned with theory, not with practice, because it is not their function to do the nation's work, but to provide

the conditions which will be most favorable in the long run for those who have to do it.'

The politician, in other words, need not feel abashed merely because a man in Wall Street accuses him of being theoretical. A relevant question is whether his theories are sound or stupid. A still more relevant question is whether America might not be better off if the grass were growing knee-high in Wall Street. The problem of high politics is 'to provide the conditions which will be most favorable in the long run for those who have to do the nation's work.' And, as Mr. Bryan pointed out some years ago, the 'practical man' in Wall Street tends to be a little narrow in his definition of the nation's workers: 'The attorney in a country town is as much a business man as the corporation counsel in a great metropolis. The merchant at the crossroads store is as much a business man as the merchant in New York. The farmer who goes forth in the morning and toils all day . . . is as much a business man as the man who goes upon the board of trade and bets upon the price of grain.' Keeping in mind this broader definition of the business man, and hence of the 'practical affairs' of life, we shall not feel too much discouraged if someone points out that our program must earn the hostility, or even the contempt, of the man who bets upon the price of grain. We shall continue to think that the conditions which are most favorable in the long run to the vast majority of Americans deserve our allegiance, and if need be our lives. And we shall continue to assert that one of the most discredited lies in history is the statement that to protect the prosperity of the grain-betters is to promote the well-being of the plain man.

Our most friendly critics say that if the program put forward in this book were given a chance, it might very well work. But they insist that no such program could ever be given a chance, because of the mysterious and deadly power of Big Business. Big Business, we are told,

if it were seriously threatened, would stage a fight that would startle the retired heroes in Valhalla. Big Business would conjure fascism from the vasty deep. Big Business, if the worse came to the worst, would destroy the economic system and bring on the Twilight of the West. This is all very romantic; but it is worth remembering that on the only recent occasion when Big Business even thought it was threatened, it staged a fight that would not have startled a meadow full of rabbits. In the difficult days of 1933, Big Business thought revolution was in the air. Did it arise in its virility to show the American people who were the Lords and Masters? Did it bluster across the stage in robber-baron fashion, recalling

> The unregenerate passions of a day.
> When treacherous queens, with death upon the tread,
> Heedless and wilful, took their knights to bed?

That hardly seemed to be the mood of Big Business, in those days. Instead, it gave us the unusually pleasing sight of timid old men in New York, moving their gold to Switzerland or Great Britain, provisioning their yachts for a fast and long retreat, planning doubtless to buy some distant island where they would not have to face anything more outrageous than an occasional horseshoe crab. The great lords of banking, who are said to hold us in the palms of their hands, were as gentle as a hearth-side of altered cats. They asked the Government please to save them, please to protect them from the alleged anger of the public. They promised to be as good as gold, or even as good as silver if that was what the people wanted. They resorted to the last refuge of the poltroon: they laughed amiably at the most savage jokes against themselves.

Of course, now that the Government has removed them from the soup, they meet in convention in Louisiana and make daring faces at Washington. I do not

think Washington is very frightened; I am certain the American people are not frightened at all.

If the American people have an outstanding characteristic, it is a tendency to violence and disrespectfulness, a tendency to meet the most dignified assertions of authority with 'What the Hell!' If these people ever decide they want something, they will not be headed off by anyone so readily frightened as our robber rabbits.

The important question from our point of view is not whether we can overcome the opposition of Big Business, but whether we can convince the plain man in America that our program is what he wants.

Even if Mr. Lamont were definitely angry at us, I can imagine that we might still get our way. Even if Mr. Ford were to launch a thousand ships, each one as remarkable as the *Oscar II*, I can imagine that we might still be unterrified. Our real danger is from people like the late Huey Long, or the amiable Doctor Townsend. If fascism comes to America, it will not come as the result of a comic-opera *putsch* in which Wall Street buys an ex-general of marines to lead a march on Washington. It will come as it came to Europe, as a revolt of the lower middle class, of the people who want to be self-respecting proprietors, but who find themselves dispossessed — proletarian in fact, but not in feeling. These people are easy game for the demagogue, for the man who will promise them the moon and promise it quickly, who will tell the desperate middle class that the problem of making them all kings, or all financially independent, is perfectly simple.

If the middle class is sufficiently desperate, it will vote the demagogue into power. And when the demagogue comes to power, he will find that his 'age of plenty' is not so easy to provide. At that point fascism is born. At that point the demagogue, threatened with a breakdown of the whole economic system, turns to

the Lords and Masters whom he has been abusing, and makes a deal. The demagogue stays in office and keeps the people quiet. The Lords and Masters stay in power and run the economic system just the way they always wanted to run it. The corporate State is monopoly-capitalism made safe, monopoly-capitalism with the whole power of society behind it. One of the first steps is to destroy all labor unions. Then the plain man is fobbed off with subsistence wages, patriotism, and a uniform. If he is still restive, it is not hard to fling him some racial minority on whom to work off his spleen. The Jews do very nicely. In America the Negroes might also serve.

The important point to notice is that no such movement can be engineered from on top. 'From the streets to power' was Mussolini's motto — and Hitler's also. 'From the rural slums to power' would serve as a description of Huey Long's career. Not until the wretched people have chosen their 'Leader' does the time come when high finance can buy in on the ground floor. Those of us who are seeking to preserve America do not have to be afraid of Park Avenue or of Beacon Hill. Sarcasm, or perhaps social disapproval, is the worst we need fear from those quarters. The free farmer who has been reduced to share-cropping, the small-town shopkeeper who is now a part-time clerk in a chain store, the kindly old man from Iowa who went to Southern California for years of retirement and whose investments have now gone sour — these are the people who might sell America to fascism. If they do, the fault will be ours. For these are the very people who believe in the American dream. They will not turn against it unless there is no leader anywhere to offer them the slightest hope.

One of the first tasks of American leadership will be to banish the idea that our Lords and Masters are a formidable crew. To be formidable, they would need either principles or a plan — preferably both. Their at-

titude when brought face to face with the New Deal is sufficient proof that they have neither. And why should they have? Mr. David Cushman Coyle has given a caustic summary of their talents. 'During the big argument last spring,' writes Mr. Coyle, 'a good many people got the impression that holding companies were primarily devices for sticking the consumer. There may have been some of that, but mostly they were devices for sticking the investor. The main idea was to get so many layers of companies one on top of another that nobody could understand what was going on. Then the operators bought and sold stocks among the different layers, with some of the money falling off the table every time they pushed it around. The game was to carry off the waste-basket at the end of the day.'

That is an absorbing game, but it breeds neither morality nor thought. People bereft of both qualities can only gain power in a time of real crisis through mob appeal. The mob appeal of all the Morgan partners put together would not fill the lobby of a rather small Town Hall. The fact that when the true mob-orator has come to power he may have to sell out to Wall Street makes no difference, assuming that we can short-circuit the mob-orator in the first place. There lies our problem.

II

There are two prerequisites for a peaceful reform in the economic and political institutions of a nation. First, there must be a public whose deepest feelings are sympathetic to the reformation. Second, there must be a group of leaders capable of appealing to those feelings, of organizing them and giving them conscious form, and later of carrying through the legal and technical changes required by the reformation.

I do not think it is necessary to argue that the American public is sympathetic to the reformation proposed in this book; but the majority of the public is skeptical as to whether the reformation can be brought about. The skepticism is usually based on one of two beliefs. The first is the belief that Big Business is invincible. I have already given reasons for thinking this belief a mistake.

Nobody is invincible when he no longer believes in himself. When disaster fell on the country, Big Business did not say, 'Leave us alone — we know the answer — we'll soon pull you out.' On the contrary, it said, 'Save us — we don't know the answer — perhaps we have sinned, but protect us from shouldering the blame.' From that moment we knew that Big Business was king only until someone came along who knew what he wanted, and who had the nerve to point out that the king was bare and none too pretty.

The second reason for skepticism is more important. A large number of Americans believe there is such a thing as economic law in the sense that there are certain mechanical tendencies in life which cannot be thwarted. And they believe that one of these mechanical tendencies is the development of small-scale capitalism (the true property State) into monopoly-capitalism (the State divided into a few plutocrats and a large number of proletarians). They say this has happened all over the Western world, and that it is nonsense to talk about reversing the process. The encouraging thing about this argument is the ease with which it can be refuted. It is only necessary to call attention to the Scandinavian countries, which have shown how man's will can blow this so-called economic law sky-high.

Twenty years ago Sweden was a good example of the 'inevitable' tendency of all capitalist States to drift toward monopoly. The cartel system, huge trusts — some of them international in scope — had an almost

complete control over trade in the principal commodities. And, as usual, the monopolies maintained extortionate prices.

At that point the Swedish people decided they wished to be free men and women, and they had the impudence to rise against their Lords and Masters. They undertook a threefold program: (1) as citizens, they would own and control the basic utilities which are logically the concern of all; (2) as producers, they would either own their means of production individually or in co-operation with other actual working producers, thus insuring themselves both freedom and a proper return for their labor; (3) as consumers, they would organize with fellow consumers into co-operative societies to insure that their cash incomes would go as far as possible.

Swedish Big Business, of course, was displeased. Swedish Big Business undertook to fight this foolish attempt to turn the clock back. But instead of fighting with the combined brilliance and brutality which Americans attribute to our own Lords and Masters, Swedish Big Business fought with the foolishness and timidity which our own Lords and Masters actually display.

The result of the fight can best be described by giving one typical case:

> When the pressure of competition with co-operatives became noticeable, organized retailers prevailed upon the trusts to curtail supplies to co-operatives, whereupon a boycott was organized by certain of the trusts.... Margarine, the first commodity of importance for which the supply was curtailed, was the first concern of the K. F. (Kooperativa Förbundet) in this struggle. With no money or land to finance entrance into this field as a producer, K. F. developed a resource for such emergencies which must remain as a constant threat to established interests which rely upon the usual banking channels. K. F. made a direct and dramatic appeal to its members to loan money to build the margarine plant.

> About fifteen thousand dollars was forthcoming, a small sum in the great affairs of today, but sufficient to permit K. F. to begin the production of margarine.[1]

With this small sum, however, K. F. not only entered the field of margarine production, but it proved that the product could be made and sold at a price substantially below the price established by the trusts. It forced the margarine trust to reduce its prices, and in the end it forced the trust to dissolve permanently —another sign that monopolies are not always an economic form of production.

Later, K. F. carried out similar ventures in flour and oatmeal mills, shoe factories, rubber-goods factories, fertilizer plants, and the manufacture of store equipment.[2] When an experiment in genuine ownership starting with a capital of fifteen thousand dollars can compete with a monopoly so successfully that it drives the monopoly out of business, there would seem to be something wrong with the 'inevitable law' of bigness.

It is only by ignoring the Swedish experiment that our pessimists preserve the mental naïveté to say that history proves the impossibility of the American dream. And it is only by ignoring the same experiment (and also by never having moved in robber-baron circles), that anyone can keep the illusion of the invincibility of our Lords and Masters.

My argument up to this point can be summarized in two statements:

[1] E. R. Bowen: article in *Consumers Cooperation*, August, 1935. As Mr. Marquis W. Childs points out, in *Sweden, the Middle Way* (Yale Univ. Press, 1936), 'For the struggling young [Co-operative] Union the price war that followed was perhaps the most fortunate thing that could have occurred at this time although it did not appear so at the moment. It was a perfect demonstration, which the Union was quick to point out in its propaganda, of monopoly control over prices.'

[2] Perhaps the most striking and encouraging story of all is that of the co-operatives' victory over the flour-milling cartel. Cp. Childs, *op. cit.*, pp. 5–6.

1. The plain man in America still wants the American dream to come true.

2. The skepticism with which the American greets the statement that the dream can still come true is based chiefly upon two beliefs, both of which can be shown to be shaky.

On the basis of these statements I conclude that the first prerequisite for an economic and political reformation in America can be met. What of the second prerequisite? What of the leadership? Before meeting this question I must consider, at least in outline, the program which the leaders of such a movement would have to offer America.

III

The first step in making clear our program is to get rid of certain misunderstandings. First, we are not proposing a mere back-to-the-land movement — we believe that our program provides for a good life in urban as well as in rural communities. Second, we are not pretending that the present state of the farmer in America is everywhere an example of the good features of agrarian life. Third, we are not proposing a return to technologically inferior modes of manufacture. If these statements are kept in mind, it will be possible for even the most hostile critics to understand what it is we are advocating. The advantage of such understanding will be that our critics can then attack our actual program (which might be valuable to us), instead of merely attacking some queer misshapen notions of their own.

Believing as we do that there are moral and economic virtues in the institution of widespread property, and that monopoly-capitalism is morally ugly as well as economically unsound, our practical proposals look toward the establishment of a genuine property State — that is, a State in which a considerable majority of the families participate in real ownership.

The problem of property can be divided, for convenience, into the problem of property in land and the problem of property in industry and the distributive trades.

Other chapters in this book explain why we believe that real property in land can be saved throughout America, and how we believe it can be saved. I shall not recapitulate; but for the sake of clarity I shall state once again that our aim is to make free men of our present farmers, tenants and croppers, rather than to send a swarm of city-dwellers into the country. We may believe that if farming were given a fair chance more people would choose that way of life. But we do not wish to press it upon anybody.

When it comes to the problem of responsible ownership in industry, it must be admitted that there are certain industries and businesses in which such ownership is not feasible. Obvious examples would be railroads, electric power, and other utilities. Here monopoly is necessary for full efficiency. But, as Mr. Coyle writes, 'Monopoly is not business at all, but public service, to be operated with a single eye to the public benefit.' This is to say that such monopolies as are permitted must be regulated in the interests of the people. Either direct social control, as in Sweden, or indirect control, as in the British Gas Regulation Act, would seem to be indicated. Anyone who says 'impossible,' who says Americans can never do what the Swedes have done, or what the British, is a man who prefers pessimism to truth.

Over a large section of modern industry, however, it is not true that monopoly is efficient. As the Swedes have shown us, the optimum size for many plants is the smallest size which can use the most modern, labor-saving machinery. Decentralized factories producing for local use, on a scale where not more than a hundred people are involved in both management and labor, can

be owned by the people directly concerned with them. The ownership would be real in the sense that the owners would have responsibility and control, so that the moral arguments in favor of property would at once become applicable. Such decentralization of ownership as well as of plant would take time. A lot could be done in five years; some of the changes would take a generation; but it is worth spending a little time to save America.

Assuming that the American people want the sort of decentralization I have described, the change can be hastened by two forms of State intervention: differential taxation, and control of new capital issues. Few people realize the short life-history of most big businesses. Textiles, railways, coal — the blue chips of yesterday are often the white elephants of today.

If the amalgamation of existing businesses for purely financial purposes (as opposed to purposes of productive efficiency) were made impossible, the falsity of the so-called economic law of monopoly would quickly be proved. Such amalgamations, so far as the future is concerned, can be prevented by control over new capital issues. So far as the past is concerned, it is possible that retroactive trust-busting acts will be hard to enforce. But the Swedes have shown us a better way to bust trusts — by establishing (with the help and support of local communities and of a public opinion that will not be cowed) small efficient productive units which can break the artificial prices made by the trusts and thus expose their profiteering and their inefficiency. In this way, in a system of genuine competition and small ownership, the plain man can get his share of the dividend created by the machine.

The Swedish example gives us ground for hoping that the change from monopoly-capitalism to real private property can be made with a minimum of State interference. But some interference there must be — more

in America than in Sweden because of our vast size. Even people like myself, who believe that the best government is that which governs least, must admit that to resolve the chaos of modern America, State action will have to be employed. The question is whether that State action will be directed to the restoration of real property or to the abolition of all property. In the long run there is no third choice.

Monopoly-capitalism is a half-planned economy with all the vices of communism but none of its virtues. If the American people cannot have genuine property, genuine competition, they will prefer a State planned by communists for the good of the whole rather than a State planned by robber barons for the good of one another.

There remains the question of small property in the distributive trades — the question of the small shopkeeper *vis-à-vis* the chain store. Wherever an industry has been decentralized, wherever the rule is local production for local use, the merchant who retails the product of that industry has been put in a position to compete with the chain store. In a mass-production consumption-goods industry — for example, the food industry — from half to two thirds of the price paid by the consumer is normally chargeable to advertising, high-pressure salesmanship, and physical distribution. The efficiency of the chain store comes from mass buying, which makes it possible to undercut a percentage of the advertising and distribution costs. The chain store would have no such advantage when buying from the local producer. In a system of local production of consumption-goods the merchant becomes the expert buyer for the community — which is the economic purpose of the middleman and his final justification.

Another useful by-product of local production, and of expert buying by the local merchant, is suggested by the famous story of the cream puffs and chocolate éclairs

from Cushman's Sons, Inc., which poisoned eight hundred to twelve hundred people in prosperous Westchester County, near New York City. The authorities rightly insisted that Cushman's Sons, Inc., should not be prosecuted, since their bakeries were well cared-for and hygienic. Little attention, however, was given to the fact that the eggs which caused all the trouble came from a national distributor in Chicago, that they were laid in Missouri, and that they were packed in Nebraska. Such a system of handling eggs is not only insanely uneconomic, but it must obviously result, from time to time, in a bit of mass poisoning. In between times it merely results in bad eggs.

IV

In saying that the program I have outlined could be put into effect in the course of thirty years without serious dislocation and without tyrannical interference on the part of the State, I am of course assuming that the American people have first been roused to want this program. Unless the people are aroused, monopoly will go its way, not because it is efficient and therefore fated to triumph, but simply because it is fun for the monopolists. If monopoly goes its way, it will drift into fascism — the political tyranny that must implement an economic tyranny. And if we once get fascism, we shall probably get communism in the end, for the reason that fascism is too bad to be endured.

To set off against these gloomy predictions, we have the example of Sweden showing us what a free people can do once they are aroused.

An important step in arousing the people to demand a system of real property is to make them understand the difference between property and enterprise. The American fathers understood this difference; John Adams explained it clearly. Since then, however, we have been

misled to the point where the average American thinks he is defending property when he is defending unrestricted private enterprise. The difference between property and enterprise can be briefly illustrated. Private enterprise is a basic human instinct which, like all instincts, can be a good thing if it is made to serve a moral purpose, or a bad thing if it is turned loose to go its own way. The relation between enterprise and property is similar to the relation between sex and the family. Few would contend that the institution of the family would be served by taking all social controls off the sexual instinct. Similarly, it is absurd to say that the institution of private property is served by taking all social control off private enterprise.

In conclusion, I return to my second prerequisite for a reformation in America. What of the leadership? One can say that scattered throughout America are many people who are doing their best to clear these issues, to arouse the public to the choice lying before us. And one can add that these people have a strong case. It is a strong case politically because only by choosing real property can we build a nation that is free and self-governing. It is a strong case economically because only the true property State can provide the free market and free competition which form the alternative to a planned economy. It is a strong case historically because it conforms to the American tradition and because the Swedish people have shown that the property State can be made real in the modern world.

The attempt to convince our people of the soundness of this program is only just beginning. Unless the attempt succeeds, our program will not reach the stage of political action. Our movement is a democratic movement, and democratic politicians cannot impose ideas upon the people from above. They can only implement ideas which have been clarified and accepted. They can, of course, play an important part in clarifying the ideas.

There are men in high office in Washington who are doing their best for such clarification. There are inconspicuous men throughout the country who are also doing their best. It would be rash to say that the game will be won. It would be cowardly to say that the game must be lost.

Part Two

That This Nation May Endure
The Need for Political Regionalism

DONALD DAVIDSON

WHEN the older school of American historians had to record the actions of contiguous groups of States that united to protect their common interests, they called the phenomenon *sectionalism* and stigmatized it as *anti-national.* The younger historians — and with them sociologists, political scientists, economists, and even men of letters — encountering the same phenomenon, name it *regionalism* and hail it with geniality or at least with resignation. To them it is not an anti-national force, but the condition itself of nationalism in a country as large and as notably diverse in its geographic divisions as our country is. Seemingly they grant that the nation has already fulfilled a prophecy made nearly twenty years ago by F. J. Turner. If the reader will substitute the more fashionable word *region* for the word *section* in the passage which follows, he will have a description of the sort of nation that students of regionalism now believe the United States to be. Turner said:

> ... As the nation reaches a more stable equilibrium, a more settled state of society, with denser populations pressing upon the means of existence, with this population no longer migratory, the influence of the diverse physiographic provinces which make up the nation will

> become more marked. They will exercise sectionalizing influences, tending to mold society to their separate conditions, in spite of all the countervailing tendencies toward national uniformity. National action will be forced to recognize and adjust itself to these conflicting sectional interests. The more the nation is organized on the principle of direct majority rule, and consolidation, the more sectional resistance is likely to manifest itself. Statesmen in the future, as in the past, will achieve their leadership by voicing the interests and ideas of the sections which have shaped these leaders, and they will exert their influence nationally by making combinations between sections and by accommodating their policy to the needs of such alliances. Congressional legislation will be shaped by compromises and combinations, which will in effect be treaties between rival sections, and the real federal aspect of our government will lie, not in the relation of state and nation, but in the relation of section and nation.

The aptness of Turner's prophecy can now be seen by all but the dullest observers. The 'diverse physiographic provinces,' with their separate regional cultures, can be mapped with some definiteness. In rough outline, with sub-regions granted as also having their importance, they are: the Northeast, the South or Southeast, the Middle West, the Southwest, the Far West. Population has grown denser; it presses upon the means of production if not upon the means of existence. Economic specialization has encouraged marked regional interests: there is a financial-industrial Northeast, a cotton-tobacco-and-small-farm Southeast, a wheat-and-corn Middle West, an oil-and-cotton Southwest, a fruit-truck-and-lumber Far West. The newer regions in their maturity have developed a regional self-consciousness as marked as in the older regions. Regional interests clash and are represented by warring statesmen; a Long, a Nye, a La Guardia, a Norris, a Walsh. Above all, the policy of economic nationalism developed under the

Roosevelt Administration — and likely to be continued, if students of affairs argue correctly, under succeeding administrations — represents a determined effort to secure the 'stable equilibrium' which Turner foretold. It is being achieved by a pressure of regional 'combinations' (South and West) against a resisting and greatly apprehensive Northeast.

Only the last clause of Turner's prophecy remains unfulfilled, partly, it may be, because it touches a problem not only unsolved, but not understood, not even dimly visualized in some high quarters. There is no general readiness of our statesmen to acknowledge that the true Federalism consists in the relation of region (or 'section') and nation. We still insist upon the letter of the Constitution and hold that Federalism lies in the relation of State and nation. Nothing, indeed, in Turner's remark could be taken as an advocacy of change. As historian he was concerned only to say what the real Federal relation seemed to be. To grasp this reality by some political instrumentation which would replace the fiction of the older Federalism was not his task. Possibly he meant to leave only the implication that, if no change should be made, the regional jockeying and compromising would go on indefinitely behind the Federal screen.

To solve the problem of the New Federalism must be the task of this generation. If we decline to face the problem, some Turner of the future, arriving at the story of the nineteen-thirties, will pause in his lecture and say with emphasis: *At this point regional differences passed beyond the possibility of adjustment under the Federal system, and here, therefore, began the dismemberment of the United States, long since foreshadowed in the struggle of the eighteen-sixties.* But he might state a different result, now before us as a possibility: *At this point the ordinary processes of Federal government failed to serve the national purposes. A dictatorship ensued.*

In order to see what the problem is, it is necessary to recognize first of all that regional differentiations are social and economic fact, and not poetic fiction. I cannot here elaborate the proof of this statement, but it is available. The skeptic who refuses the testimony of history, of sociological and economic findings, of studies in folk-lore or physiography, will do well to turn traveler and receive the testimony of eye and ear. Or let him reflect upon the arrangement of a *Literary Digest* poll by regions or listen to the campaign talk of those who will tell how the West or the East will vote. The differentiations are the result of the occupation of a continental area by a vigorous people, habituated to a high degree of independence and self-determination, and shaped by diverse racial, social, political, and environmental influences. The history of the American establishment implies, if it does not enforce, diversity rather than uniformity. We can take little pride in the American tradition unless we concede that it tolerates and encourages such diversity. But it makes no difference whether we deplore or welcome regional differentiations. They are here, and even the most determined of economic determinists knows that they must be reckoned with.

The diversity of regions rather enriches the national life than impoverishes it, and their mere existence as regions cannot be said to constitute a problem. Rather in their differences they are a national advantage, offering not only the charm of variety but the interplay of points of view that ought to give flexibility and wisdom. For the United States the ideal condition would be this: that the regions should be free to cultivate their own particular genius and to find their happiness, along with their sustenance and security, in the pursuits to which their people are best adapted, the several regions supplementing and aiding each other, in national comity, under a well-balanced economy.

That has not happened. They have not been good neighbors. They have continually quarreled. Human nature being what it is, it might be beyond reason to expect otherwise. But, the American political genius being what it has been, we might reasonably expect that some provision should be made for preventing conflict or moderating it when it occurs. No such means has been provided. The Federal Constitution, for reasons obvious to all who have studied it and know its history, not only does not make such provision, but by certain clauses prohibits regional combinations and in general thwarts regional expression.

This no doubt deliberate exclusion of regions from all legal consideration has not, in the long run, resulted in a true Federalism, nor has it even preserved the interest of States. Instead it has brought about regional imperialism. That is, it has encouraged the appropriation of Federal authority by the region which has had the means to lay hold upon it, and it has reduced the regions (and within them the States) to the position of complaisant accomplices and servile dependents.

There have been various attempts, some successful, some but partially successful, to use the Federal power in this way. The Jacksonian West, under Jackson, Van Buren, and Polk, exercised a form of regional imperialism which the Northeast might well think about, just now. Turner's posthumous book, *The United States, 1830–1850*, gives a detailed study of this imperialism. The long quarrel between North and South over the Western lands was a struggle of warring imperialisms, each eager to secure — always with due pretense of Federal sanction — the benefits of colonial territory. Of the South it might be said that its imperial designs did not contemplate imposing its peculiar institutions upon the sacred sod of Massachusetts. But the South feared, with justice, that Northern imperialism did most emphatically mean the substitution of a factory system

for a plantation system in Virginia. Anticipating that event and finding itself without recourse, since it was outvoted under the Federal system, the South strove for independence.

The South was defeated and was haled back, in the status of a subject province, into the shell of the old Union. In that condition, though with the barren comfort of technical political rights for its States, the South has remained. For from the moment of Southern defeat, the regional imperialism of the Northeast began its effective reign.

In the sixty years from Grant to Hoover the United States have gone through the formality of sixteen presidential elections. The elected candidates, in the President's chair and in Congress, were supposed to represent the people and to foster the general welfare. In practice, they represented the will of the Northeast and fostered the welfare of the Northeast. The Northeast has ruled, with occasional concessions to its turbulent and increasingly doubtful ally, the West. Through the agency of the Federal mechanism the Northeast has achieved its regional purposes: a high protective tariff; a gold standard; a treasury policy favorable to bankers and investors; a Fourteenth Amendment, 'ratified' at the point of the bayonet, to safeguard corporations; an 'open door' to its foreign imperialism in the West Indies, Central America, and the Pacific; and above all an 'unprotected' area within the boundaries of the United States — 'the greatest free-trade area in the world' — for its commercial domain.

In these years the Northeast has been the imperial capital region, and the other regions, including even the West, have been the colonial dependencies from which it bought cheap and to which it sold dear, often enough with something added over and above high-tariff prices for interest on Northeastern money loaned to buy

Northeastern goods. Grudgingly but wisely, the Northeast has yielded a point or two here and there — less to promote 'national interest' than to soothe regional unrest: an Interstate Commerce Commission (which, though helpful to the West, has been notoriously unfavorable to the South); a Federal Income Tax (which Mr. Morgan in later years somehow did not have to pay); and a Federal Reserve System (which looked pretty bad to Northeastern eyes — for a while). But in the main the Northeast did not yield too much. The fruits of its unyielding domination are there today for anybody to see, in its vast concentration of wealth and population, its splendid metropolitan centers, its universities, foundations, magazines, publishing houses, art galleries, museums, theaters, banks, harbors, its towering buildings envied by all the world, its sense of being well off — of being at the central strategic point.

There are other results of Northeastern imperialism. Although, since sinfulness knows no regions, it does little good now to load American sins upon a regional scapegoat, the fact remains that the Northeast has been the chief agent and the chief sponsor of the large-scale industrialism which we are now put to so much trouble to manage. The Northeast has manipulated the Federal mechanism so as to encourage, as a cardinal objective of national policy, a gross overemphasis on industrialism and speculative finance, with a corresponding injury and neglect of agriculture and small business, to say nothing of the general injury resulting to manners, morals, and human happiness — in the Northeast as elsewhere. To be altogether fair, we should remember that some far-seeing Northeasterners have protested against this state of affairs — regional dissenters, reflective and doubtful. Nevertheless, if any one region is more guilty than another of having brought about by deliberate policy the crisis of the nineteen-thirties, that region is the Northeast.

At least the outlying regions of the West and South are inclined to draw the indictment thus. The West has a feeling of having been 'played for a sucker.' It now begins to see, what the South has long known, that under present arrangements a national policy that means wealth for the Northeast may well mean poverty for the sister regions. Northeastern imperialism somehow draws all to itself, and the crumbs from Dives' table are no longer the surplusage but only the crumbs of a theoretically national feast. The old outcry against Wall Street is an outcry against a regional foe symbolized by a single institution. It means that the towers of New York are built upon Southern and Western backs.

Does the Northeast exclaim in horror at the spectacle of Southern lands eroded and worn-out, at the devilish one-crop system and the tenant system, at the burnt and cut-over mountain slopes, the illiterate and diseased population, the fierce despair or the terrifying apathy of large districts, rural and urban? Let him never think that these sins against good order were willfully committed or arose from human sloth and malignity alone. The ravaged lands of the South are, rather, a mute testimony, indeed a fearful accusation, against a distant tyranny of money — money which the South did not have and was forced to try to gain.

The Southern planter or farmer (and not only the Southern one!) gullied and exhausted his lands, sold his timber, held his tenants pinned with a dollar mark, not because he was a limb of Satan, but because money had to be forthcoming — and that quickly — for shoes and hats from tariff-protected factories; money for farm machinery, kerosene, gasoline, fertilizer, cooking-stoves, knives, axes, automobiles, all financed and produced under the imperial scheme; money for mortgages and loans, to placate the sucking tentacle-tip of the money octopus flung far to seize him; money for taxes to run

schools on the new model furnished by the Northeast — and, yes, indirectly to swell the endowment of Teachers College of Columbia University and keep its well-marshaled hosts employed; money for more taxes for still more public improvements — new roads, new courthouses (with *steel* filing cabinets), and new bureaus upon bureaus; money for interest on the national debt, covered by bonds gilt-edged, good as gold, offering Hamiltonian conveniences to banks and security venders; money for the new Northeastern idea of insurance, to hedge him against the liabilities and calamities forced upon him by the system and to bury him when, lifeless, moneyless, and propertyless, he should deliver his soul to his Maker and his body to a mortician who is one of the most highly valued members of the Chamber of Commerce. For all the while, prodigious and faithful though his labor might have been, the money for these things came to him in a niggardly trickle, if at all, but it poured Northeast in flood. The South has learned this lesson well. And now the West may learn it, too — may know that the West goes in overalls that the Northeast may walk in silk and satin.

The colonialized regions, thus threatened with exploitation to the point of exhaustion, have tried to meet the danger in two ways. First, they have recapitulated to a certain extent the history of all colonies that begin as dependents furnishing raw materials and wind up with producing establishments and even financial centers of their own. All the regions have moved toward this kind of self-sufficiency. But they still find themselves paying a good deal of tribute to centralized monopoly, and they also find that this kind of self-sufficiency brings evils of its own. Second, they have made a political fight where they could, especially on such issues as silver, the tariff, currency inflation, and taxation.

Both methods are a kind of civil warfare among regions. Both, as the Northeast well recognizes, are dan-

gerous to Northeastern power. At the moment they seem to be more dangerous than at any time since 1860. The Northeast now faces the ultimate consequences of its imperial exploitation of the 'greatest free-trade area in the world.' Regional imperialism is about to be met by regional imperialism, with the South and West combining against the Northeast and attempting, by the Jacksonian strategy, while holding their own ranks intact, to divide the Northeast against itself so as to annex the 'doubtful' States. This is clearly foreshadowed in some measures of the Roosevelt Administration: the A.A.A., the Bankhead Farm Tenant Bill, and the Cotton Control Bill, the banking legislation, the devaluation of the dollar, the S.E.C., the T.V.A. The tendency is also indicated in the pressure of 'share the wealth' schemes and in the intransigence of the silver and inflation blocs.

If a South-and-West victory should start another cycle of regional imperialism, the results for the Northeast would be severe, but they would represent, in the eyes of the victors, a restoration of justice. The Northeast would be shorn of much of its power — much, but hardly enough, I imagine, to justify the fear of Christian Gauss of Princeton that Rooseveltian economic nationalism will ruin the great cities of the Eastern seaboard; or to fulfill the prophecy of the Confederate poet, Henry Timrod, who foresaw in 1862 a doom preparing for such cities —

> There, where some rotting ships and crumbling quays
> Shall one day mark the Port which ruled the Western seas.

And, though no man would be so rash as Timrod now, it is not stretching possibility far to view the situation of the Northeast as like that of the South in 1860. Although the Northeast should vote unanimously against the hostile combination, it might still find itself in a minority, able to protest, but otherwise without recourse. If that should happen, will the Northeast sit still and suffer?

But that is precisely the kind of situation that advocates of regionalism are anxious to forestall. The problem lies here. The vicious element is not regionalism but regional imperialism. Regionalists would seek to eliminate the possibility of regional imperialism in any quarter by correcting the form of our governing instruments, so as to adapt them to reality. If regional injustice should occur, they are loath to see the offended region left without recourse. If they can help it, they would not permit what Calhoun called the tyranny of the majority.

It is now in order to review some of the suggestions that have been made for attending to the regional complications of our national situation. These suggestions fall into two main groups: (1) those made by persons who have given up hope of democratic solutions and are interested in a strictly functional economic and social order; and (2) the suggestions of those who, still believing in the possibilities of democracy, would adapt the present forms of government to regional ends.

The functionalist would bring all regionalisms rudely to heel with the lash of a dictatorial whip. Inevitably, he is an advocate of a planned economy if not of a planned society, and therefore is strongly socialistic, is likely to be communist or perhaps fascist. Always he professes ardent belief in regionalism, but upon examination turns out to be interested only in bringing about a perfectly neat and scientific adaptation of function to environment within a closed and regimented national economy. For the loose political groupings here called regions — more properly called sections by Turner — he has little use, since he often does not know history and never respects it, and has no zest for traditions and cultures with their quite imponderable values. His principle of regional division would work on a basis of pure economic determinism. He would dissolve all old political boundaries, if necessary, to secure efficient pro-

duction units within areas adapted to management by collectivized agencies — or corporate ones.

Under a functional regionalism, the growing of cotton would be permitted only in regions like Texas and the Delta of Mississippi, which are suited to mechanical, large-scale cultivation. Vermont farmers might be allowed to continue their production of maple sugar, hay, and milk, but would not be allowed to raise hogs, since Vermont is not a corn region and hogs are most efficiently raised in close proximity to corn. All cotton mills would be moved South, near the cotton, and all woolen mills would be placed in scientific relation to sheep — say, near Western sheep ranches. Mining regions would mine, but could never raise sheep on the side. Regions would thus specialize far more than they do now, but they would not be at liberty to choose their specialties or to deviate from them. The Planning Commission would regulate all.

Such a regionalism is not American. It belongs to Russia and other home-lands of the totalitarian State. If American institutions should collapse, it might be enforced upon us. Yet even then it could hardly hope to succeed. It contradicts the prime force that has made the regions — their tendency, over and above economic specializations, to become autonomous units possessing whole cultures of their own, which often embody choices not economic at all.

Between the functionalist kind of regionalism and the democratic kind which links up with a revived Federalism lies a debatable ground occupied at present by a Rooseveltian experiment: the T.V.A. The Tennessee Valley adventure in 'regional planning' is a strange hybrid creation. Born by Federal enactment and therefore an agent of the Federal Government, it is nevertheless a 'corporation,' operating within a physiographic, 'functional' region that overlaps several political and so-called sovereign States; but it is subject to

no direction by all or any of those States and is not even hospitable, as its 'authority' has made plain, to so much, even, as their influence and friendly interest. The States concerned (that is, nearly all the western South) can exert control only by indirect partisan pressure or through the tedious roundabout method of congressional legislation. Under a true Federalism, the T.V.A. would be administered, with the help of Federal appropriations, by the region concerned. It would thus escape the batterings of criticism it now receives from regions less favored by the Federal Government and from States which must impotently watch the manipulation of their resources and population by a paternal and 'foreign' agency. As it stands, the T.V.A. is an irresponsible projection of a planned, functional society into the midst of one of the most thoroughly democratic parts of the United States. It therefore does not guide us very far in our search for the right kind of regionalism. Like some other devices of the Roosevelt Administration, it suggests an unwillingness to discover the foundation upon which building may be permanent. Whether its design represents ignorance of American law, history, and circumstance, combined with wishful yearning toward a planned society, or a deliberate flouting of these things, I do not know. At any rate, it now perverts us to some degree by holding out promises that may not be possible of fulfillment.

When we come to democratic suggestions, we see at once that they divide into two groups: those that may be undertaken within the present framework of the Constitution, and those that require amendment or even sweeping revision of the constitutional fabric.

Under the first head come interstate compacts, of which seventy have already been approved by Congress. Such compacts have been the subject of elaborate study by political scientists. They seem to be useful in special instances, as in the establishment of the Port of New

York Authority. They do not help the general problem of the relation between regions and nation, since they touch only local issues and are likely to be attempted only under specially favorable circumstances.

A coalescence of States into regional groups seems legally possible under Article IV, Section 3, of the Constitution, which, though negatively worded, allows 'States' to be formed 'by the junction of two or more States, or parts of States,' if their legislatures and Congress consent. Yet such coalescence, even if consented to by legislatures willing to vote themselves out of existence, would be nothing more than the substitution of a larger territorial State for several smaller ones. Unless accompanied by changes in representation to compensate for the loss of power in the Senate, this device would not fit regional needs. Besides, coalescence is unlikely. States have split; they have never joined.

A third possibility is in Federal administration itself. The Federal Reserve System, the decentralization of bureaus, the recent proposal to establish 'little capitals,' are all of this order. Such steps, though symptomatic of the unwieldiness of our Federal Government and its lack of regional foothold, must be put down as largely improvements in the sheer efficiency of the Federal mechanism. They could easily be turned to make centralization more effective than it is. In the hands of regional imperialism they would be powerful weapons.

There remain the suggestions for regional reform which imply constitutional alterations. Here at last we arrive on the ground of a New Federalism. The Old Federalism, with its outright prohibitions against treaties, alliances, and confederations among the several States, and its rigidity in other respects, neither safeguards us against regional imperialism, nor cherishes regional autonomy, nor allows for any change except it be made by constitutional amendment. No means, there-

fore, is left but to operate upon the historic document itself.

From many quarters have come suggestions for the establishment of regional governments, either to replace the States as seats of local government or to intervene between the States and the Federal Government. Most of the authors of these suggestions, while enthusiastic enough in drawing the outlines of the regional map, are not very specific in indicating how the reform is to be achieved; and, still worse, they generally fail to accompany their studies with any philosophy of the relation between Federalism and regionalism. Since they rarely go beyond suggesting constitutional amendment as the means of reform, they cannot be blamed for a certain vagueness. A constitutional amendment to cover the situation would have to embody details and complications to an extent unknown in our experience. For that reason if for no other it could be drawn up only with the greatest difficulty, and would be ratified with even greater difficulty.

In his recent book, *The Need for Constitutional Reform*, Mr. W. Y. Elliott puts the situation in a very different light. He advocates a system of regional commonwealths to replace the States as members of the Federal organism. His map of regional divisions, while retaining as entities a few States, like New York, that are deemed already regions in themselves, would otherwise fix upon groups of States that have natural affiliations: New England, the South Atlantic seaboard, the lower Mississippi Valley, the Pacific Coast, and so on — with, it should be noted, a leaning toward small, economically related groupings, rather than toward large sections like the Old South.

These regional commonwealths would have unicameral legislatures of their own. The States within them would drop to the condition of administrative units, remaining, like the English counties, 'rich depositories of

historical associations.' Like the provinces of Canada, the regional commonwealths would be charged with the execution of Federal laws. They would be represented in a National House of Representatives on the basis of population.

This precise and statesmanlike outline differs from most other schemes in making the erection of regional commonwealths only one feature, if a necessary and integral feature, of a general process of constitutional reform, the object of which is to secure a genuine Federalism. This reform, undertaken in the spirit of Madison and the fathers, is to affect all departments. The President is to be made stronger and more responsible, with power to dissolve Congress during his term and make it stand an election. The composition of the Senate is to be changed; some of its power is to be taken away, and it is to be returned to the status originally intended for it, as 'a body of elder statesmen,' who will revise and supervise, not direct. The power of the Federal Judiciary to control 'social policy' will be taken away. The Civil Service will be reorganized along British lines.

Such drastic revisions, of course, would require nothing less than a constitutional convention. But if Caesarism is to be checked, Mr. Elliott thinks a convention an immediate necessity. The true enemies of the Constitution, he rightly thinks, are its 'stand-pat friends.' The true friends are those who would save it from destruction by the Caesars or the Lenins by revision before it is too late.

Whatever else may be said of this bold and well-argued proposal, there is no doubt that it quickens our minds, as other schemes do not, with a sense of possible and statesmanlike achievement rather than dulls us with a cynical yielding to the grind of abstract force and blind accident. If the Constitution is to be rewritten, the drafting must be done by men who, like the fathers of the original Constitution, believe in the power of

humanity over circumstance, and can bring to the task of constitution-making something more than the statistical and technical knowledge of the modern expert, and a great deal more than the sleek political knowingness which is the average American politician's substitute for statesmanship. The task requires men who are, as Madison and his colleagues were, at once lawyers, philosophers, students of history, men of letters, and men of the world, and who have the 'feel' of the American situation as well as acquaintance with theory. The spirit, if not the letter, of Mr. Elliott's plan would indicate that he is of such a company; and if there are enough determined souls of the same fiber in America, even though they be few in comparison with politicians and lobbyists, they *can* attempt the task of constitution-making, and it is their sacred duty to contend for the privilege and right of doing so.

Nevertheless, attractive as Mr. Elliott's plan is, the description I have given of the course of regional imperialism indicates its defects. As one reads, he suspects that Mr. Elliott is less interested in regionalism *per se* than in remedying weaknesses in the National Government. He wants a *strong* National Government, provided it is also a responsible one, as the present one is not, and he concedes regional commonwealths as a better basic unit than States. If we can get regional reform in no other way, let it come in Mr. Elliott's way. But under this strong government, however responsible, however more truly Federal, what would prevent the old regional combinations from being made once more? What would forestall a renewed growth of regional imperialism and its use of the Federal power, now made stronger than ever, to handicap or crush a dissenting region, left in a solid minority as the South long has been — as the Northeast may now conceivably be left.

Mr. Elliott's plan offers no safeguard against such an event. He hardly does more than recognize the problem

with a single, casual, passing phrase about 'sectional compromise.' With his eye fearfully alert against possibilities of Caesarism in the form of personal or corporate dictatorship, he still forgets the other possibility — equally ruinous to true Federalism — that a region, behind a Federal mask, may also play the rôle of Caesar.

If regional commonwealths are to serve as the basis of a new Federalism, then we must provide against that contingency. And if a constitutional convention is in order, then the task of devising the right safeguard would be a very proper task for it to undertake — perhaps, ultimately, the most important task of all, since on its successful accomplishment might hang the decision as to whether the United States will fly apart in angry contest or be bound under the leveling and militant Caesarism that Mr. Elliott fears or, escaping these disasters, achieve the kind of national union which, if not 'more perfect,' still suits American traditions and realities.

It would be immodest for a layman to make the positive suggestions that ought to come from the trained student of government. The layman cannot do much more than show what is to be safeguarded, and against what.

The regions need a safeguard against imperialism at two points: first, in their economic pursuits, since on these they depend for the security which, in Mr. Elliott's opinion, Americans now desire more passionately than equality; and second, in their cultural and social institutions, which, in the South especially, have suffered from outside domination.

The 'greatest free-trade area in the world' needs not only to be 'decentralized' (for decentralization alone is not enough), but also subdivided in the interest of regional reciprocity. There must be boundaries which the exploiting agents will pass only under difficulty and not

without penalty if they come on missions of exploitation. Under the letter of the present Federal law, no discrimination is supposed to occur; but the existence of regions with diverse cultures actually gives full legal standing to the enormous advantage, amounting to a right of conquest, which an imperializing region holds over the others. We need a lawful means of abolishing this covert discrimination. Perhaps it can be devised only by making it lawful for regions openly to discriminate where just cause appears. To distribute a Federal bounty, subtracted from prosperous regions for the benefit of the disadvantaged, is probably not a fair, adequate, or permanently workable method. The suggestion of Mr. Frank L. Owsley, in *The Pillars of Agrarianism*, that 'the several regions should have an equal share in the making of the tariff, which would be in the form of a treaty or agreement between all the sections, somewhat in the fashion of the late Austro-Hungarian tariff treaties,' represents the kind of privilege that the regions desperately need. More than that, it comes closer than any other suggestion I have seen to indicating the structural principle of a really national policy in such matters as the tariff.

Mr. Owsley does not ask for 'inter-regional tariffs,' except in the sense that, 'if the South should have a lower tariff than the other regions, goods imported through the South would have to pay an extra duty on entering the other regions operating under the treaty.'

But what if more safeguard is needed? The means of full protection lies, perhaps — the layman can venture only a *perhaps* — in giving the regional commonwealths power to tax the agencies that would despoil them. Power to tax or at least to regulate 'foreign' capital and enterprises that attempt national monopoly; power, it may be, to control to some degree credit and even money; power to safeguard educational systems against the rule of external interests and of propaganda aimed

at the very life of regional cultures; power for the South to preserve its bi-racial social system without the furtive evasion or raw violence to which it is now driven when sniped at with weapons of Federal legality; power for the Far West and the Southwest to do likewise with their own race problems; power for the Middle West and the Deep South to curtail or prevent the absentee ownership of their farm lands by Wall Street speculators or by their own expatriates, retired to the luxury of Pasadena and Los Angeles; and power for the Northeast, if it so wishes, to protect its union labor against Southern cheap labor. For there must be full reciprocity, and powers allowed to one region must be allowed to all. *That* point must be clear. The man is no patriot who would regard such measures as retaliatory — who would want to see the Northeast crushed and penalized, like the South seventy years ago, and left an impotent and uncontributing part of the nation. In the attempt to right the balance, we should not end by upsetting it, and, recalling Burke's great saying about not drawing an indictment against a whole people, we should remember gallantries and beneficences as well as errors. Yet the Northeast should do well to realize that there are people with a burning sense of wrong who wish retaliation, and would inflict it if the turn of events under the Old Federalism should permit — yes, and would cheerfully take the risk of any injurious recoil upon themselves.

If power to tax and regulate is too dangerous a power for regional governments to possess, then what other measure, guaranteed not to do harm, is available? Shall the regional commonwealths be given a veto power in certain instances, some modern equivalent of Calhoun's principle of nullification? That is worth considering. But at any rate, devices and powers of the kind enumerated, added to the New Federalism described by Mr. Elliott, would give our political institu-

tions an organic relation to our national life. Yet who, whether layman or expert, seeing how event follows upon event, upsetting calculation, will refuse to admit that his gravest calculations will not look ridiculous next month, or next year? Knowing this, the provident calculator must label his suggestion as the railroad labels its train schedules: *Subject to change without notice!*

But though the suggestion may change, the analysis of the situation will not change very soon, for the conditions described are too deeply rooted in American life to be altered with every passing circumstance. And the suggestions given, though speculative as to details, are firm enough in purpose and certain enough in direction to mark a road of exploration.

Beyond all early prospect of change, too, is a principle which may well have the final place in this discussion. If followed out in American life, it would of itself eliminate much of the necessity for new mechanisms of government. It has two parts, which might be thus stated: first, it is the nature of industrial enterprise, corporate monopoly, and high finance to devour, to exploit, to imperialize; and a region which specializes in these functions is by that fact driven to engage in imperial conquest of one sort or another: second, it is the nature of small business, well-distributed property, and an agrarian régime to stay at home and be content with modest returns. The region that specializes in these things, or that balances them with its industry in fair proportions, is a good neighbor, not desiring conquest. Whatever restores small property, fosters agrarianism, and curtails exaggerated industrialism is on the side of regional autonomy. If we had a fair balance of this sort in America, it is possible that the Old Federalism, with very small changes, would suffice our modern purposes.

But so firmly entrenched is the ancient enemy of all good balance, it is possible that regionalism must be called in as one of the means of dislodging him. If a

given region is too hard-pressed, if it is denied recourse, if it is irritated by an assumption of superior piety, then regionalists will think of the old watchword, independence. Independence, signifying as it does the end of colonialism, is a sacred word in American history. Among other things, it means that the land and the region belong to the people who dwell there, and that they will be governed only by their own consent.

America and Foreign Trade

JAMES MUIR WALLER

I. THREE VIEWS OF FOREIGN TRADE

WHAT should America's foreign trade policy be? There are today, as there have been since 1789, two well-defined and well-propagandized schools of thought. One school advocates lower tariffs and more foreign trade; the other, higher tariffs and less foreign trade. There is now developing a third school. It holds that what we need at the present time is not so much an increase or decrease in the volume of our foreign trade as a change in its content, particularly in the content of our exports. These three views may be stated as follows:

1. The restoration of at least a considerable volume of exports is indispensable to a sound American prosperity. Our agricultural and industrial surpluses in many lines have become greater than can be absorbed by the domestic market. Unless we are willing to wreck some of our industries and ruin some of our chief agricultural regions during a period of adjustment to a self-contained and less efficient economy, we must look to exports for the solution. As we cannot sell abroad without buying abroad, we must accept an increased volume of foreign goods in exchange for our exports. Workers temporarily displaced by tariff revision, after a transitional period in which the Government should take care of them either directly or indirectly, can find more

productive employment in other industries, presumably in those devoted to export trade. There are many variations of the argument for increased foreign trade, but the chief American examples are those of semi-free traders like Cordell Hull and of middle-coursers like Henry Wallace. There are also some who advocate increasing our foreign trade through international barter agreements, though the chief exponent of this plan, George N. Peek, apparently puts more stress on selectivity than on volume.

2. The idea that foreign trade is necessary or even desirable for our political and economic well-being should be abandoned. We should look solely to the domestic market, the world's largest and richest, for a place to sell the products of our fields and factories. We should move quickly toward creating a completely self-contained national economy as the best cornerstone on which to build a safe and permanent American prosperity, untouched by the political and economic turmoil of the outside world. The best method to bring about self-sufficiency would be to devise immediately a program of protection for all manufactured articles and raw commodities that can be produced in the United States, even if the cost here is very much greater than abroad. These higher costs may result from unfavorable natural factors such as soil, climate, and mineral resources, as well as from higher wages and taxes.

3. The creation of a prosperous political economy in this country is dependent not so much on a change either up or down in the volume of our foreign trade as upon a change in its content. We should have both selective imports and selective exports, buying abroad those products we need but cannot produce efficiently at home, and selling abroad those products which we need to produce but cannot sell efficiently in the home market. The content of our imports has always been regulated. It would be equally logical to regulate the

content of our exports. Free trade, that is, no regulations of either imports or exports, while theoretically just, would be impossible without a world state to control political and economic conflicts. Even if free trade were possible, it would be undesirable; it would create too much interdependence and specialization, and would tend to reduce the standard of living in America. Moderate tariff reduction without other measures will not, even under bilateral agreements, prove effective in materially increasing the foreign sales of our farm products. Our mass-production goods and stocks and bonds compete too successfully with our farm products for the dollar exchange which foreigners get through sales in this country. Our control of imports has in the past seventy years been exercised for the benefit of industry. We have as a result an economic system overbalanced on the industrial side. Equilibrium should be restored, not by drastically lowering the tariff, with all the deflation this would entail, but by balancing our time-honored import control favoring industry with a new export control favoring agriculture.

This article attempts to discuss the main aspects of these three theories of foreign trade. First, it examines in some detail the arguments and plans for a low tariff and an increased volume of foreign trade. Second, it takes up the idea of a self-contained economy, which, though possible, would effect a cure more painful than the present disease. It ends with an argument in favor of regulating the content of our exports as well as of our imports, and suggests a possible plan for bringing this about.

II. IS MORE FOREIGN TRADE THE CURE?

A restoration of the pre-war volume of international trade under present and prospective world conditions

would be impossible since a considerable part of this trade was of a transient nature and grew out of conditions that have now ceased to exist. There is, of course, another type of international trade which may be permanent because based on a static rather than changing background.

The fundamental fact about the evolutionary type of international trade is that it is a passing phenomenon based on the Industrial Revolution and destined to exist only during the diffusion of the industrial technique from Western Europe, where it originated, to the rest of the world. It is not suggested that this special form of international trade is now dead, but only that it is dying, slowly in some places, rapidly in others.

The beginnings of international trade of the evolutionary type came with the industrialization of Great Britain in the early nineteenth century. She rapidly built up a specialization in industry and finance. To complement this she developed an empire of trade routes 'on which the sun never set' and exchanged her industrial products, shipping services, credits, and insurance for the raw materials of the world.

But Great Britain has no monopoly of shipping, credits, or insurance in the world of today and British industry needs and receives tariff protection against the competition of foreign industry. The British economy, still the most specialized in the world, is gradually becoming more generalized — or, what is the same thing, more self-contained.

The history of Britain is also the history in a lesser degree of the other industrial countries of Western Europe. They all tend to conform to one general pattern. This pattern is a cycle from a self-contained medieval handicraft and agricultural economy to a self-contained modern industrial and agricultural economy. In the intermediate stages there comes a great expansion of international trade. It is based partly on the

exchange of industrial manufactured goods and shipping and insurance services for raw materials. But what is more important, it is also based on the lending of money to 'colonial' countries for increasing agricultural production and later for industrial development. These loans are serviced and finally repaid through shipments of agricultural products to the creditor nation.

It is this special form of international trade which is now waning. The industrial creditor nation is gradually losing its creditor position, and the colonial economy is gradually becoming industrialized. As a result, the original industrial creditor economy must develop agricultural production of its own — for the time is coming when it can no longer get its agricultural products from abroad, since it will lack foreign exchange.

The raw-material countries also tend to conform to one pattern. In this cycle a completely self-sustaining colonial economy, such as that of backwoods America, Russia, or India, first develops a specialized production of raw materials which are exported in exchange for industrial goods. It then borrows to build railroads to open up raw-material producing areas, and finally it borrows to industrialize. It gradually pays its debts in agricultural exports, but when the debts are paid, it can ship less and less of agricultural products abroad, since it has become completely industrialized and has little to take in exchange for exports.

The descriptions of these cycles are obviously oversimplified. For one thing, they do not take account of those differences in national efficiency which result, not from differences in industrial technique that are apt to be transitory, but from differences in soil, climate, and mineral resources that are permanent. They do, however, give a fair picture of the evolutionary nature of a large part of the foreign trade of the pre-war world. Let us now examine the situation in more detail.

As the United States (once a very large market for

European industrial goods) and other colonial economies tended to become partly industrialized, the competition for markets by the old industrial nations became keener. They sought not only markets but places to invest capital surpluses. Overseas trade was no longer free. Empires and spheres of influence divided Asia and Africa.

The World War was the death-knell of the large volume of 'free' international trade, which in the forty or fifty years prior to 1914 had been becoming less and less free. Real international 'free' trade had in fact never existed except in the nineteenth century in a world economic empire organized and dominated by Great Britain. When other Western European countries began to catch up in the race to create industrial and financial specialization at home and to 'exploit' raw-material countries abroad, the British-dominated free-trade area of the world became divided more and more into closed politico-economic empires in conflict with each other.

This trend became even stronger after 1919. The losers of the war were forced further toward self-containment, which they had hoped to avoid through gaining or holding foreign markets for their industrial products and foreign sources of raw materials. Even the winning empires were not exempt, because the increased industrialization of their raw-material areas which occurred during the war made necessary an increased self-sufficiency in the 'home' areas after the war. Thus the World War — which was fought partly to keep or gain control of raw-material areas, thereby avoiding national self-containment by permitting industrial and financial specialization at home — actually created the necessity for more self-sufficiency, both to losers and winners.

The Allies, while gaining the colonies of the Central Powers, reduced their international creditor position

(even disregarding war debts) and lost the American market for their industrial goods.

Germany lost her creditor position, the American market for her industrial goods, and her colonies and spheres of influence. She was thus forced to become more self-sufficient agriculturally, for she could not now buy agricultural products abroad in sufficient volume because of the lack of foreign exchange. The Treaty of Versailles put Germany in the position of an international debtor which did not even have the ability to buy necessary commodities abroad. The foreign exchange made available to Germany in the ten years after the war, chiefly by American loans, was used partly to buy commodities and partly to pay installments on war debts owed to Allied nations. It was generous of America.

America during the war lost her debtor position and then became a huge creditor. On the industrial side she not only became self-sufficient, but geared her production to a large export market. American agriculture, which had long specialized in shipping products to Europe, maintained and even increased its productivity. Thus America found herself projected completely through the international trade cycle, and beyond. She was in an anomalous position — being an international creditor which could not afford to accept payment.

From an economic point of view the real harm done by the war was not the destruction of productive property, but the loss in adjustment. The Western European nations with their creditor-industrial economics had possessed a natural complement in the debtor and partly agricultural American economy. While the market for industrial goods in America had been lessening and while America's debt to Europe had been declining, this process was slow, and Europe could have adjusted herself to the change gradually, through in-

creasing raw-material production at home and decreasing industrial specialization.

The most extreme example of this maladjustment is the position of Germany in 1930, when American loans had ceased — the tragic position of a debtor nation in possession of a specialized industrial economy suitable only to a creditor nation. It was this which led Germany to adopt a violent and sudden policy of default and self-containment almost overnight. The British position is not nearly so bad, but if Britain had paid her war debts, by transferring the foreign credits to us, her situation, too, would be desperate.

In the United States the economic loss was obviously not in material goods, for our productive capacity was greatly increased during the war. It was not in money, for as a nation we became greatly richer in gold and credits. It was a loss in adjustment.

Without the war we might, under a moderate tariff policy, have gradually built up industries and gradually paid off our debt to Europe in raw materials. Some of our producers would have had to face readjustments in foreign markets. But the adjustments need not have been too sudden, and might have taken place almost automatically. Production would not have been stimulated to satisfy a temporary demand, created by war and war loans, which was bound to collapse when the cause was gone.

But this is only half, and possibly the least important half, of the picture in so far as the present position of America is concerned. For America's foreign loans of the booming twenties prevented the necessity of an immediate adjustment of our national economy to an even balance of trade and a moderate degree of self-containment. They permitted and even encouraged the creation of a further industrial specialization in certain lines (over and above the war specialization in both agriculture and industry) for supplying foreign markets

that could exist only in company with an unsound foreign loan policy. America was bound sooner or later to wake up from the fool's paradise of exports financed by loans to realize, not only that the loans were gone in large measure, but that she had far more capital invested in producing merchandise for the foreign market than the foreign market could absorb — unless America were willing to take many more foreign goods in exchange for these exports.

Those who wish to increase the volume of our exports by taking more imports disagree among themselves as to method. One group urges an approximation of free trade through very low tariffs, another group urges moderate tariff reduction. We will take up the internationalist view first.

America should bend her efforts toward gradually making the world an approximation of one huge free-trade area through multilateral and bilateral agreements with other countries, if possible, and if this cannot be done, by unilateral reduction that should be slow but persistent. American and world prosperity will return when and only when international trade in large volume is restored. This will automatically occur when and if the nations of the world strike off the trade shackles that have hampered the normal interchange of their surpluses with each other.

But we have already seen that the movement away from a world free-trade area, dominated by Britain, toward economically self-contained empires and nations, is based on a fundamental and irreversible economic process — the gradual diffusion of the industrial technique throughout the world; and that while this process has been going on for generations, its velocity has increased greatly in recent years as a result of the World War and of the post-war desire for security. The *status quo ante bellum* cannot be restored.

It seems probable, however, even in spite of the fact

that the former type of international trade is impossible today, that if a world political system could be devised in which the political barriers to international trade were broken down, a substantial volume of world commerce would develop. That this new trade would be as large our internationalists seem to think is improbable, and that it would be desirable is even more open to question. But let these doubts pass for the time being.

The important point is that the tearing down of trade barriers would imply the destruction of the nationalism of which they are a part. Free trade would be possible today only under a Pax Romana enforced by some great military power, or at best under a league of nations modeled after the United States of America.

It will be argued that there was no Pax Romana in the nineteenth century, in the pre-war twentieth century, or even in the post-war period of the twenties, but that there was a large volume of international trade in each of these periods. This is true, but it must be remembered that in the early part of the first of these periods the industrial technique had not been so well diffused throughout the world and that the overseas trade consisted largely of the exchange of raw materials for manufactured goods. It was mutually beneficial to the countries involved and was not really competitive. Modern free trade would necessarily be different, as it would mean chiefly the invasion by the industrial countries with industrial products of each other's home markets. No predominantly industrial nation has ever permitted such an invasion in volume, and none is likely to do so except under the iron heel of some superior military power.

It is worth remembering what happened when real competition in foreign trade did occur in the pre-war world. It was between industrial countries in selling their industrial products to raw-material countries. This competition caused increasing friction as the

markets in the raw-material countries tended to reach a saturation point. Each industrial country did its best to pre-empt as many raw-material areas as possible for outlets for its own industrial products. Soon there was no longer free entry into a great many of these raw-material countries.

As this situation developed, it became apparent that foreign trade, even where it was obviously beneficial to both countries engaged in it (assuming financial exploitation of the colonial economy was not too great), might lead to war between the industrial nations wishing to participate in the trade. It apparently did lead to the World War of 1914. In all probability the formation of a world state without trade barriers would have been necessary to prevent that catastrophe, if we assume that there was no stopping of the urge toward larger and larger foreign markets for ever-increasing exports of industrial goods.

Incidentally, international freetraders today argue plausibly that we may expect a recurrence of world wars until we give nations by peaceable means what they now attempt to get by force, that is, free access to the markets and raw materials of the world. To satisfy these nations economically, we should have to go further and permit unrestricted migration. We should then certainly get rid of one of the main economic causes of war. Individuals anywhere in the world would be free to enjoy or exploit natural resources everywhere in the world. That the wealthy nations should object to such international wealth-sharing is neither more nor less reasonable than that wealthy men should object to sharing their wealth with the poor of their own nation. Each may be forced to it, but it will be only after a fight. Nationalism is strong and full of life. It is in fact much more virile than finance-capitalism, if the present state of the world is a true index.

But let us assume for the moment that free trade or

an approximation to it were created either with or without a world state. We should then have a world highly specialized geographically and one where production costs (excluding social costs) are cheaper than in the present one. Would this be desirable or even economical if all costs are considered?

To begin with, it should be pointed out that specialization in any line demands insurance as a protection and that such insurance would be high for specialization based on international trade in this very unsettled world. We are beginning to have a taste of the high cost of social insurance that is necessary even now under the degree of specialization we have attained. It is probable that under decentralization, production costs would not advance as much as insurance and regulation costs would decrease, so that the total or social cost of production would decline.

The chief weakness of specialization is that under *laissez-faire* it inevitably causes an ever-increasing movement toward the concentration of wealth, power, and population in a few large cities, which grow at the expense of the rest of the free-trade area, whether it be nation or world. This specialization and concentration must in the end become so terrific that the structure becomes more and more vulnerable to any minor shock, and must finally collapse.

'The fact is,' as Mr. David Cushman Coyle has said, 'that free trade always tends to drain all the money into one place, just as rivers flow into the ocean, and unless there is some overhead power to draw water out of the ocean and pour it on the back country, the life-giving streams will cease to flow.' International trade, without a world state to tax concentrated wealth and spend it on the back country, would thus be undesirable. But a world state that would perform this function is at present inconceivable.

The conclusion which should be drawn from this

reasoning is that the natural tendency of free trade toward concentration and toward death from top-heaviness must be overcome either by relatively small trade areas or by counteracting the tendency toward centralization in large trade areas through governmental action such as the enforcement of anti-trust laws, the taxation of bigness and concentration, and the spending of the money thus collected in colonial areas. It would appear, then, that we must choose between free trade in a world state (assuming this is possible) and smaller units where free-trade areas and political areas are coextensive.

No position is taken here as to whether the existence of tremendous free-trade areas, such as the United States, have produced more harm or more good. But it should be observed that the free movement of capital has produced many evils even where the whole territory involved is under one taxing jurisdiction. For one thing this taxing and spending power has not always been exercised. Taxes collected in London were never spent in Ireland and taxes collected in New York have been spent in the South and West only in recent years.

Would a 'middle-course' tariff-reduction program be any more practical or desirable than the program of the freetraders? It undoubtedly would be, but it would simply be the lesser of two evils. This is not to say that tariff reduction may not be desirable on certain industrial articles which have an engineering cost abroad that is much cheaper than the domestic engineering cost, which are non-competitive, or which would compete with articles whose domestic prices are supported by monopolies. But the imports of the first two classes would be insignificant, while imports of the third class could reach substantial volume only if the tariffs were reduced lower than the point where monopoly profit would be wiped out.

To reduce tariffs to the point where we should import

British and Japanese goods which we can produce efficiently at home from an engineering viewpoint, though at a higher dollar price, would be like bringing coal to Newcastle. It would mean a shift of employment from one group of industrial workers to another, but at the same time a decrease in the total number of jobs would occur as mechanization would be given the right of way. It would also cause a shift in the return on capital from one group of capitalists to another. In doing both of these things we should create more specialization and hence a more dangerous economy, and at the same time decrease political control over our economic life by extending our economy beyond the control of our politics.

A final objection to the plan of increasing our exports of agricultural products by lowering tariffs and taking more foreign industrial goods is that it will not work.

It is true that the amount of dollar exchange which foreigners will get through shipping us goods would have to be used to buy in the American market. But the dollars can be used to buy what foreigners would prefer to buy rather than what we should prefer to sell them. They can and are using their dollars to increase purchases of our capital assets (stocks, bonds, real estate, etc.) and the industrial goods made in our highly mechanized mass-production factories. When they come to our store to buy they are, in the main, purchasing 'loss leader' industrial goods and an interest in the store. But they are decreasing their purchases of the goods which it is most profitable for us as a nation to sell, profitable in the sense of helping us to maintain a sound political economy.

It is certainly undesirable for us to let the ownership of our capital assets go abroad, particularly when we cannot collect the debts owed us from abroad. The sale of mass-production articles to foreign countries, while not of itself detrimental, is of little value to the country

as a whole and it is possible that the social cost of their production is greater than the price we get. Regardless of this, however, their sale will merely increase the profit of certain large corporations, in the highly mechanized automobile, agricultural-machinery, and business-machinery industries. The increase in employment, wages, and general well-being will be negligible if it comes at all. On the other hand, the increased competition of industrial imports which we must take to make these exports possible will hurt mainly those industries in which the small and less mechanized companies now dominate the field, and where human labor is the overwhelming cost factor in production. This foreign competition will mean lower wages and fewer jobs in these industries, not to mention greatly reduced profits for the capital invested in them. Thus the workingman and the small business man will be hurt, while the farmer may lose part of his domestic markets through industrial deflation in many lines. The lower prices which we shall pay for manufactured goods will not compensate him for this, particularly since his increased surpluses will drive agricultural prices to new lows.

Tariff reduction alone, without export control, would thus be a Pyrrhic victory for agriculture. It would largely benefit big, highly mechanized business and holders of foreign obligations. It is not strange, therefore, that its most militant advocates today are found in Wall Street, which not many years ago was a center of Grundyism.

III. IS LESS FOREIGN TRADE THE CURE?

The nationalist's ideal of a self-contained political economy that would be relatively unaffected by the violent political and economic turmoil of the outside world is probably attainable, and indeed may become both necessary and desirable at some future date. But

even a cursory examination of the economic state of the nation, in the year of 1936, shows that the time is not ripe for any such program.

Economic nationalists say that the remedy for the loss of foreign markets is to be found in the 'open door at home.' They point out that the American home market is the prize of the world, fifty per cent of the world's business being transacted in it, whereas only six per cent of our total business is with foreign countries. They conclude that the potential increase in sales in the home market, through an increase in domestic purchasing power, is much greater than would be possible through developing foreign markets, particularly as increased exports can be paid for only by increased imports, few of which would be non-competitive.

The logic of this position would be unassailable if two things were true of all our merchandise exports: (1) that the exports were in each case only a small percentage of the total American production of the given type of article or commodity; and (2) that the domestic demand for each type of article or commodity which we now export were equally elastic; that is, that the demand would increase in proportion to the standard of living. If all our exports had these two characteristics it is apparent that a six per cent increase in the American standard of living would absorb the six per cent of our production we now ship abroad.

Now the interesting thing is that practically all our really important industrial exports do meet both these requirements moderately well, but that neither of our chief two agricultural exports (cotton and tobacco) meets either of them. It would thus appear that a moderate increase in the standard of living in America could be counted on to absorb the greater part of our industrial surpluses in most lines, but that our agricultural surpluses must either be sold abroad or destroyed, or else ruin the market price through oversupply.

The principal objection to self-sufficiency then is, that it carries with it the destruction of the foreign market for American agriculture, particularly Southern agriculture, which has for over a hundred years been geared to export a large percentage of its cotton and tobacco.

A sudden loss of the foreign market for these commodities, even with larger benefit payments and more crop diversification, would cause a collapse of the economic and social structure of the South. A large part of her agricultural population would lapse into sub-subsistence farming, withdrawing from the money economy of the nation with a violently deflationary effect on industry. A large part of her farm tenants would drift to the cities to swell the ranks of the unemployed until some sort of an industrial adjustment could take place. Such an adjustment would necessarily take years to accomplish, and in the meantime it is conceivable that not only Southern agriculture, but Southern cities like Memphis, New Orleans, and Houston, which are dependent on Southern agriculture, would undergo a deflation that would make the Hoover slump seem like prosperity. The economic effect on the rest of the nation could not fail to be disastrous as a result of worse business and increased taxes.

IV. IS A CHANGE IN THE CONTENT OF OUR FOREIGN TRADE THE CURE?

We have seen that our political economy will be forced into drastic readjustment if we cannot sell a large proportion of certain of our agricultural products abroad. It is also true that tariff reductions would be very bad for the country as a whole. They would cripple the essentially nationalistic plans to ameliorate the lot of the American industrial worker through minimum wages and social insurance, and to take care of the technolog-

ically unemployed by public spending paid for by high taxes. Lowering tariffs will not, in fact, solve the export problem of American agriculture; the benefits will go largely to stockholders in the highly mechanized big corporations and to the holders of foreign securities.

What can be done? Do the cotton, tobacco, and corn-hog farmers face an inevitable loss of their foreign markets? Must large numbers of them choose between staying on the farms which, however diversified their products, have no cash crop, or else going to the city to swell the ranks of the technologically unemployed? The A.A.A. did an excellent job of encouraging and forcing diversification and better farming, particularly in stimulating a movement away from dirt back to grass farming. But if farmers lose their foreign markets, the A.A.A. (assuming that is revived) will not be enough, even with a sizable increase in benefit payments, to save large numbers of them from semi-destitution, or from the relief rolls of the city. Is this the only choice? Must agriculture support fewer people in this country? The answer might easily be in the affirmative if industry could offer them a livelihood. But it apparently cannot.

Before answering the question as to what should be done, let us review briefly the history of the relation of American agriculture to foreign trade.

When the United States became a political unit in 1789, its economy was in a large measure agricultural, though industry was slowly developing. Around 1860, agricultural predominance was succeeded by a predominance of industry. From that time up to the World War, agriculture occupied a progressively inferior and industry a progressively superior position. After 1926, American agriculture continued to decline, even during the Coolidge industrial and financial boom, until it hit rock bottom in 1932, receiving only seven per cent of the drastically low American national income in that year.

The causes of the decline of agriculture are fairly simple. First, there was the natural tendency of the United States to adopt the industrial technique that was first developed in Western Europe. Second, there was the tariff, an early established national policy of stimulating home industries by an indirect subsidy paid largely by agriculture. These two factors progressively reduced the volume of trade between American agriculture and Western European industry, decreasing the importance of American agriculture in the national economy both as to size and as to relative wealth. The World War accelerated, and may be said to have completed, the industrialization of America in the sense that very few industrial imports were needed. At the same time it changed the United States from a debtor to a creditor nation, thereby not only cutting off the yearly interest payments of the United States to Europe but reversing this movement. The United States had after 1919 become self-sufficient from an industrial and financial viewpoint, a situation that had never existed before in our national history. It is true that there were agricultural raw materials that we needed and could not produce — coffee, silk, sugar, rubber, wood-pulp; but these were about all.

It thus seemed apparent that foreigners would not again have the dollar exchange they got before the war from interest on loans and payments for industrial goods sold to us. They would have only dollars obtained from shipping us agricultural raw materials that we could not efficiently produce. Under the circumstances, it was mathematically certain that the large favorable balance of trade in merchandise, to which our economy had become accustomed as a result of agricultural exports before the war and agricultural and industrial exports during the war, could not be continued.

What was America to do? Obviously the solution was an adjustment to a degree of self-containment never

before even imagined. But it was a hard solution to face. For it would have meant that the industrial and agricultural and financial power which we developed during the war (even with a large part of the population in the army) would have to be used almost entirely at home. It would have meant intense industrial competition and low prices, and at the same time intense financial competition and low interest rates. These factors would have combined to increase real wages tremendously and to reduce big industrial and banking profits.

The back-to-normalcy movement under the control of Big Business in industry and finance would have none of this. The escape from this seemingly inescapable necessity was simple and direct. It was to give our 'surplus' away to Europe so as to maintain prices and interest rates at home. Perhaps this is an oversimplification. The mechanism was, of course, to lend the dollars of American investors to Europeans who used them to buy an increasing quantity of our mass-production industrial goods, to continue moderate purchases of our agricultural products, and to buy our capital assets. Instead of adjusting our industrial mass-production plant to self-containment (which should have been done through lower prices and generalized production), we expanded it in specialized lines, and maintained prices with the help of loan-financed sales abroad. Agriculture adjusted production somewhat to a lessening foreign demand, but not much. A high mortgage debt, high interest rate, high industrial prices, and low farm prices combined to make the farmer strain every nerve to make ends meet. This meant more money-crops and lower prices in a cumulative vicious cycle of deflation.

When the loans or gifts to Europe ceased, the collapse was inevitable. The international trade situation of 1920 has been made vastly worse through postponement and more loans. A major operation is necessary.

The United States has awakened to find herself in the absurd state of having at the same time a large net creditor position and a strong urge, based on the artificial stimulation of foreign loans, to ship abroad large quantities of industrial goods as well as her traditional agricultural exports. To make matters worse, she neither has the necessity nor the desire to import anything except a relatively small amount of raw materials not produced at home. The foreign trade equation is badly out of balance.

America is, therefore, forced to decide what types of property she will sacrifice, as a result of this situation. We must make a choice in the near future, either by action or inaction. What this choice should be is our main foreign trade problem of today. Should it be capital engaged in producing (1) agricultural products for home consumption, (2) agricultural products for export, (3) industrial products for home consumption, (4) industrial products for export, or (5) capital invested in foreign securities? Or should it be a percentage of each?

The way in which the question is answered necessarily depends on the fundamental assumptions of the answerer. The chief American schools of thought, as we have seen, are:

(1) That America should work toward an almost completely self-contained national economy.

This would automatically destroy capital invested in 'the lowest-cost producers' to the extent they now ship abroad, except in so far as 'the open door at home' should become a reality. It might also destroy foreign bondholdings.

(2) That we should lower the tariff.

There are two main divisions of this theory:

(*a*) That we should bend our efforts toward making the world an approximation of one huge free-trade area.

This would destroy capital invested in the 'high-cost producers' in every line.

(*b*) That we should adopt the planned middle-course tariff reduction recommended by Secretary Wallace in *America Must Choose.*

This would avoid the specialized capital destructions of the first two proposals. It would divide the destruction fairly equally among all five of the types of capital mentioned above.

(3) That we should regulate imports to protect the small manufacturer and the wage-earner, and should regulate exports to aid the farmer.

This plan would apparently destroy capital invested in the highly mechanized mass-production industries to the extent to which they now find markets for their goods abroad. It is believed, however, that destruction would not actually result, since domestic markets would be improved enough to take the goods formerly shipped abroad.

The export regulation suggested here is a combination export subsidy and foreign exchange allocation plan favoring agricultural products. Specifically it is proposed to balance agricultural (that is, vegetable and animal as against mineral) imports with agricultural exports. Seventy-five per cent of our imports are raw and semi-raw vegetable and animal products.

The present import tariffs on industrial goods should be maintained at a sufficiently high level to protect American labor from the competition of cheap foreign labor, but the equivalent of an export tariff should be set up to insure for our farm products the available dollar exchange accruing to foreigners from agricultural shipments to this country.

The plan is to set up a government corporation through which importers could clear all incoming vegetable and animal commodities if they so desired. A high *ad-valorem* tariff should then be placed on all such commodities except those clearing through the government corporation. This same corporation should clear ex-

ported American agricultural commodities, and be the agency to pay the export subsidy on them. It would not be a too difficult task to balance agricultural commodity imports and exports through this corporation. The financial mechanism would not necessarily be complicated. The corporation could simply pay foreigners who shipped agricultural goods into the United States with credits on itself, good only for the purchase of American agricultural products designed for export. These credits could be checks on itself of a particular kind of American currency that would circulate only abroad and be redeemable in exported American agricultural commodities. The result would be that the same amount of dollar exchange which the foreigners got from selling agricultural goods in this market would go for the purchase by foreigners of exported American agricultural products.

A system such as this would make necessary considerable dealing in American commodity exchange between foreign countries. It is also recognized that the market value of the proposed American commodity exchange would probably be somewhat below that of regular dollar exchange. The amount of discount, however, would simply be on the one hand an import tariff on the raw commodities coming into this country, and on the other a further export subsidy on American commodities going into the world market. This would further accentuate the attractiveness of American commodities to foreigners.

Obvious questions are whether American industry can afford to restrict its foreign markets[1] for the benefit of American agriculture, and whether it will be in any way

[1] This might not materially restrict, for many years, our export of industrial products. Foreigners have about five billion dollars' worth of American securities which they could turn into dollar exchange to buy our industrial products. But should this money go to our industrialists or to American holders of foreign bonds? We can regulate the export and import of capital to achieve either end.

compensated for such an act of self-denial. The writer is strongly of the opinion that at least through a long transition period American agriculture, and particularly Southern agriculture, must have a large foreign market to be prosperous, but that this is not true of American industry, provided it continues to have a protected home market.

Our foreign trade figures show that by and large the only really important items of which we export a large percentage of our production are agricultural products. It is not conceivable that, without a tremendous increase in living standards, America could consume these surpluses. The volume of industrial products shipped abroad, however, while large, is a very small percentage of the total production in almost every important case. Furthermore, the demand for industrial goods is much more elastic than the demand for agricultural goods. And if American agriculture, particularly Southern agriculture, were as prosperous as the rest of the country, the increased purchasing power of agricultural sections would create more activity in industrial mills than could ever be created by foreign orders.

It could be argued that the proposed program is a dole; but this is true only in so far as the tariff is a dole. The program is, in fact, an attempt to devise a substitute for free trade that will to some extent right the ancient wrongs inflicted on American agriculture through the tariff system, and at the same time correct the recent maladjustments caused by the war and the post-war developments.

V. CONCLUSION

We have seen that foreign trade is mainly of two types. One is permanent, based on the differences in productive capacity that result from permanent differences in soil, climate, and natural resources. The other

is evolutionary, the result of the Industrial Revolution and destined to disappear when the industrial technique shall have been diffused throughout the world. The extreme economic nationalists do not take sufficient account of the permanent type of international trade, while the low-tariff advocates hardly recognize that any evolutionary process has existed. Again, the low-tariff group does not take sufficient account of the differences in wage scales here and abroad, while the nationalistic group greatly overemphasizes it. The result is that low-tariff men would reduce too drastically the money incomes of many groups in bringing about lower prices for the consumer, while the nationalists would reduce real wages and real income too drastically in increasing the price-level of commodities for the benefit of the producer.

We have also seen that the 'middle-course idea' of creating a partly nationalistic and partly international economy by moderate tariff reduction, while superior to a low tariff program, has the same disadvantages in a milder degree. Nor would tariff reduction alone prove effective. It would result in boosting the sale of our capital assets and of the output of our highly mechanized mass-production factories, but not of our farm products which as a nation we need most to sell. However, this 'middle course' could be made effective by supplementing the tariff with foreign trade mechanisms to control exports.

My conclusion is that we should maintain in a somewhat modified form our present tariff structure, but that we should also begin to regulate exports for the benefit of agriculture. In support of this conclusion the following points are urged:

(1) Both sound policy and social justice demand that the ancient disadvantage placed on American agriculture by the tariff system should be equalized. The maladjustments caused by the war and post-war developments should be nullified as far as possible.

(2) The domestic demand for industrial goods is very much more elastic than for agricultural produce. Since only a small percentage of our industrial production (about six per cent) is shipped abroad, and since there are very few important industrial items of which a large percentage are shipped abroad, it is probable that American industry would gain as much through better domestic markets in agricultural regions as it would lose through foreign markets.

(3) The social and economic readjustments in agricultural regions (particularly in the cotton and tobacco areas which normally ship over fifty per cent of their production abroad) would be tremendous if the export markets for their products are destroyed. The consequences would be much less severe in industrial regions, not only because of the smaller relative dependence of industry on foreign markets, but also because of the compensating advantage of a better domestic market mentioned above. Furthermore, if agriculture loses its foreign market, industry will lose much of its present market in agricultural regions and its taxes will be increased to support displaced agricultural workers.

(4) The safeguarding of small ownership and operation will make for great social efficiency, since it will tend to make the distribution problem take care of itself and will reduce the necessity for social insurance, which furnishes the only possible safety in a specialized economy.

(5) We cannot maintain a capitalistic-democratic system without a very considerable amount of decentralized production under owner-operation. Since the small business man and the farmer — the two groups who would be most immediately helped by the proposed program — are the two chief types who can own property which they themselves operate, there are strong moral and political reasons favoring this program in addition to the economic reasons which have been put forward.

Looking Down the Cotton Row

GEORGE MARION O'DONNELL

NOT long ago cotton-growing in the South was a Big-Business venture that paid well, because cotton was a good export product, demanded on the markets of the world, and the South was the part of the world best suited to cotton production. Banks and holding companies found it worth their while to capitalize the production of cotton; and resident Southern landowners took to planting more and more of their land in cotton. It was an era of mass production.

These Big-Business planters found land cheap and labor plentiful. And they found, all ready for their purpose, the system of farm tenancy which grew up after the Civil War as a substitute for slavery. The system works about like this:

The planter contracts with tenants to work on his land, providing each of them with a house. And through the production months he 'furnishes' the tenants: he allows them a certain amount of money each month, he allots them groceries and clothes from his own commissary, or he gives them orders for supplies to be charged against the plantation account at a store in the nearest town. These payments, with interest, he charges against the tenants on the plantation books.

If the tenant is a share-cropper, or 'half-hand,' he supplies only labor; at the end of the year, tenant and planter each receives half of the crops. If he is a 'third-

and-fourth' hand, the tenant furnishes everything necessary to the making of a crop except land; at the end of the year the landowner is entitled to one third of the corn and one fourth of the cotton as rent. There is a third type of tenant-planter contract, in which tenant pays a fixed sum of money per acre as rent and usually supervises his own farming operations.

Opportunities for abuses under this system should be apparent at once: the planter keeps the books; the planter alone knows the true prices of supplies; the planter is his own boss in fixing interest rates on plantation accounts, rates which sometimes run as high as forty per cent.

Of course any Southern cotton planter is himself victimized by a financial system practically forced upon the South after the Civil War. And it is often this system, exploiting the planter, which forces him to take to exploitation; thus the system is the real villain. Yet there are planters who have willfully connived with the system, deserting the agrarian economy deliberately in order to share in the great profits of a money economy dominated by finance-capitalism. It is these planters whom we label Big-Business planters.

More important than financial abuses, perhaps, are the unfortunate living conditions among tenants on great Southern cotton plantations. Let us look at a large establishment — say in the Mississippi Delta, which shares with Texas the questionable distinction of having more large plantations than any other section of the South.

At the heart of the place stands a group of buildings, connected with the highway by a gravel road. There is a manager's house (for this place is owned by an absentee landlord) with hardwood floors and steam heat; a plantation store, neatly painted and filled with canned goods; an electric gin with a private siding for freight cars; a large modern barn for the mules (or a garage for

the tractors). Around this group of buildings, which constitutes the main office of the establishment, lie the fields, neatly divided by well-kept roads. Tenant houses dot the fields, perhaps trim and efficient-looking, but more often rundown, unpainted, lacking shingles, with chimneys leaning at an angle to the house wall. Almost invariably they are without adequate yards or shade trees or outhouses. A garden — so wisdom runs here — would remove from use land that might be planted in cotton. Trees, if allowed at tenant houses, will occasionally shade the ends of cotton rows nearby, stunting the growth of as many as two dozen plants! Barns are not needed, for the landlord owns all the mules — if he is still old-fashioned enough to use them instead of tractors; and he keeps them all at the big modern barn near the manager's house. Front yards are generally small and unfenced: small because the landlord does not want to sacrifice any of his land, unfenced because there are no woodlands on the place from which to get fence palings. Here is the tenant farmer's house; to call it a home would be impious.

In such conditions many of the Southern tenant farmers live on the great plantations. These people are on the soil, to be sure, but they are essentially industrial workers — and badly treated industrial workers at that. The instruments of production are all controlled by the capitalist (the landlord); the labor is hard, and regular, though not so unvarying as the work in a factory; farmers are not attached to the soil by emotional ties; the whole system is 'efficient' and impersonal.

Improperly fed and clothed, living in a house improperly heated in winter and open to the terrible Southern heat in summer, cheated by landlords, uneducated, perhaps diseased, the tenant continues to work in the hope that the next year he may get out of debt, the next year the price of cotton may rise, some day he may own a home.

Moreover, in recent years the troubles of the tenants have been aggravated. Tractors are replacing man-and-mule power in Big-Business cotton farming; and the planters need fewer tenants. In Mississippi, on one plantation owned by absentee landlords, twenty families were evicted: their services were no longer needed, since the work of cultivation could be done by two or three men with tractors, and day labor could be hired for the chopping and picking seasons.

The evicted tenants asked for permission to stay on in the plantation houses, which would be unoccupied. But no, the company didn't want them on the place; they would have to look for homes elsewhere. Still more evictions have resulted from the complete shutting-down of plantations for one or two years under depression conditions.

Yet it is unwise to assume that tenant farming is invariably vicious, or that tenants always live in unbearable conditions. On other plantations, operating alongside of the plantations devoted to mass production of cotton, and in enforced competition with them, tenant and planter share together in an agrarian economy, the economy of men who love the land and who derive their whole sustenance from it. Here labor is varied, crops are diversified, and the aim of the work is not to make enormous profits but to induce the land to give up its riches that men may live and be happy.

On these places there is a larger percentage of renting tenants than elsewhere. Big-Business planters prefer share-croppers to 'third-and-fourth hands' or money renters, sometimes refusing even to enter into a renting contract; but the agrarian planter is glad to see his tenants provide their own mules, their own implements, their own seed. That the renting tenant enjoys a status higher than that of the share-cropper is clear; the renter needs nothing but land to enable him to leave the tenant class entirely.

But agrarian planters still have to depend upon cotton for tax money and for cash to purchase supplies which may not be produced conveniently at home. And, selling cotton on a market glutted because of the overproduction of Big-Business growers, they find it difficult to retain their own way of farming — there is upon them a constant pressure to desert agrarianism for specialized cotton production.

II

One does not need to be a prophet to see that the whole system of mass production in cotton may eventually disappear. The system depended upon Southern domination of the world cotton supply, and that domination is a thing of the past. Annually, the world supply of cotton fiber becomes more broadly distributed. In 1929, the world consumption of Indian cotton was ten million bales, and in this year the world used only fourteen million bales of Southern cotton. The Egyptian Sudan, Uganda, Asiatic Turkey, Asiatic Russia and, lately, Brazil, are other competitors with the Southern crop on the world market. Labor in all of these places is cheaper than labor in the South. Foreign planters can afford to accept on the world market a lower price for cotton than the Southerner (buying on a protected domestic market) can take profitably. This morning the average Liverpool price for cotton is about six cents per pound; at the most conservative estimate, this cotton would cost six cents per pound to produce in the Southern cotton area!

Now a great many Southerners (for whom Mr. Peter Molyneaux, of *The Texas Weekly*, is a vigorous spokesman) believe that if the tariff were only reduced, the problem of the export market would be solved. They reason like this, I suppose: Lower the tariff, giving Europe a favorable balance of trade; then Europe can

buy more American raw materials, including cotton; moreover, cotton producers can import goods at world market prices.

There are difficulties with this reasoning. First, the scheme would work havoc with the standard of living in our industrial centers. Second, much of the European profit would not be invested in American raw materials, but in American stocks — witness the manner in which Europe recently disposed of the American dollars it received when the United States purchased foreign gold. And third, even granting that the lowering or the abolition of the tariff would operate to aid Southern cotton planters, one must recognize that this tariff revision cannot be accomplished without a political change of such magnitude as to appear Utopian.

But the government farm program! Well, the national government is hardly concerned with the restoration of a market for unlimited production of cotton fiber; it is hardly concerned with propping up the Big-Business plantation. (Consider the widespread disapproval of government farm plans among great landowners who howl for 'liberty' — to work toward their own doom!) On the contrary, the whole direction of the administration farm program has been toward the removal of more and more land from cotton production, the use of this land in the growth of food crops for home consumption.

However, not even a project along the lines of the defunct A.A.A. can solve the problem of the oversupply of cotton on the American market. The world carryover of American cotton last August 1st was around nine million bales — still three million bales larger than the average annual carryover in the period 1922–32 in spite of the acreage reduction effected by the government farm program. And it seems safe to predict that the Government cannot permanently subsidize any crop by guaranteeing a certain price.

Under the conditions imposed by Big-Business planters in financial straits, particularly under the constant threat of eviction, the tenant farmers of the South are growing restless, manifesting their discontent in the organization of tenant farmers' unions and in open revolt against the landlords. Whether or not this attempt at unionization is wise, it is clearly an important sign of the times, pointing to the collapse of the 'King Cotton' plantation system.

Labor is revolting against Big-Business agricultural methods; it is causing trouble. So is the land. Soil wears out when cotton is planted on it year after year; it grows white and thin; the cotton stalks are so small that workers have to crawl down the rows on hands and knees at picking time. Leaching and erosion destroy the soil. And the time is past when the planter could desert the land which he had worn out and move on to new, uncultivated acres. Today, man must stop exploiting the land, or the land itself will stop him.

Faced with the possible collapse of foreign trade and an oversupply on the domestic market, saddled with debt, threatened with the revolt of his labor and of his land, the Big-Business planter — like many another Big-Business executive — is in a desperate situation. And it appears that the over-capitalized cotton-growing industry, the agricultural South, must change its way of life considerably.

III

We have already noticed the agrarian plantation operating (at a disadvantage, to be sure) alongside the Big-Business plantation in the cotton area. But there is another kind of farm tradition which has been almost entirely neglected in general discussion of Southern farm problems.

Yeoman is a good, healthy, Anglo-Saxon word for

the sort of farmer who lives within this tradition; yeoman means a lesser freeholder who cultivates his own land. The word is strong, and it has connotations of independence, character, and bravery.

Now the yeoman farmer in the Southeast has always existed, in hill country and in delta country alike, though he has existed in larger numbers in the hill sections. In the Southwest, where Big-Business cotton production is most exaggerated, he is practically unknown. The yeoman was of the frontier tradition in the Old South, not of the great slaveholding tradition. Before the Civil War he owned his land, and he worked on his land himself. Perhaps he had a few slaves to help him, but his slaves were no burden to him, and his cotton crop was not of overbearing importance. His interest was in making for himself a home, in possessing a way of life marked by liberty, a way of life in which he could pursue his own happiness.

The yeoman did not pass with the frontier; he has not passed today. But he stands alone, completely apart from modern capital-labor terminology; neither communism nor fascism knows him. He is at once a capitalist (since he owns his own land, and since he may have a tenant or so) and a laborer (since he himself works on the land); yet he is neither, in the strict sense of the word, since his main concern is not to exploit his capital and his labor for a money income but to use them in making a living in goods.

It is chiefly to the yeoman farmer that the cotton-growing South must look for its salvation; it is for his benefit that plans must be made. Heretofore, he has worked at a disadvantage, being forced always to plant more and more cotton in order to get enough money to pay high taxes and to buy the things that he could not produce for himself, and being compelled to live under an economic system which operated solely in terms of money.

This change of emphasis — toward the yeoman farmer and away from the planter — seems to be an economic necessity. Luckily, the life of the yeoman is in itself a good life. He possesses liberty based on property — the only true liberty. He is assured of permanence, of variety in his work, of healthy conditions of labor. Moreover, he is freed from dependence upon the unpredictable fluctuations of prices in the markets of the world. He is neither poor nor rich; he is neither grooved in a semi-servile occupation with no hope of advancement, nor is he engaged in a mad struggle for economic power. And the increased division of the land among independent farmers will mean natural restriction of cotton production to American consumption needs; it will mean that land will be built up through diversification; it will mean that the economic status of tenant farmers can be raised.

The yeoman farmer is the key to the solution of the main problems in Southern agriculture. And the solution will prove of benefit to the entire nation. A good life is possible in the South — generally possible, I mean, for in some sections of the South it is an accomplished fact — if the emphasis is shifted from the plantations working for mass production of cotton to the agrarian plantations and to the small farms operated by yeomen. And it is important to remember that this is not a new thing; it is merely the recognizing and the utilizing of a tradition too long neglected. Nor do we turn back the clock when we choose a system that was not invented day before yesterday.

IV

The prospect is pleasant. And it would be pleasant to end the discussion of the cotton problem here, as though the general utilization of subsistence-farming methods throughout the cotton area would come about

easily and naturally within the next few years. But many obstacles stand in the way of the yeoman farmer, and these problems require consideration.

The question of taxation arises, a difficulty of which every would-be subsistence farmer is conscious. According to Department of Commerce statistics, the cotton States all have an excessively high State debt. And these statistics do not include the county debts which usually represent an even more important factor in determining tax rates. For instance, in the year 1934 the State *ad-valorem* tax levied by Mississippi was five mills; in some counties, the tax rate on land would have been eighty mills had the county attempted to pay off its obligations (in principal and interest on bonds) for that year. Even choosing to default on their bond payments of principal, some of the counties still had tax rates as high as fifty mills!

This means that the owner of a hundred-acre farm, assessed at fifty dollars an acre, paid about two hundred and seventy-five dollars in taxes for 1934. Now at its highest, cotton was selling for ten cents per pound in this year. On his farm, then, our farmer had to raise seven bales of cotton to pay his taxes alone.

Under this system of taxation, subsistence farming becomes impossible; the farmer is forced to rely more and more on his money crop (cotton) in order to pay his taxes, or he is forced to borrow heavily, mortgaging his land and ultimately forfeiting it.

There is one community in Mississippi, for example, where a few years ago there were ten farms operated by yeomen within three or four miles. Rising from the tenant-farmer class and buying their own farms, these men were independent, capable, sturdy. But taxes became higher and higher as the road-building fever of the twenties attacked their county. Today, every one of these yeomen is a tenant once more; his land belongs to a bank from which he borrowed money to pay taxes.

An analysis of the nature of the county debt in most of the high-tax counties of the South will show, I believe, that the greatest single cause of the high-tax burden is road bonds (in Mississippi, for example, seventy-five per cent). Flood protection, for the Delta counties of Mississippi, Arkansas, and Louisiana, constitutes another substantial item. And county school bonds add to the county debt.

It is probable that this situation can be relieved only if the National Government takes over a large part of this indebtedness. And in the case of the road bonds this seems only just. Most of these bonds represent paved highways for interstate traffic or for long-distance traffic within the State. Meanwhile, the farmers use gravel or dirt roads for the greater part of their hauls, since the paved highways are as straight and as central as possible. Buses, interstate trucking lines, tourists — these enjoy the highways while the farmer pays for them in land taxes.

That the National Government should finance the building of levees and the digging of drainage canals in the river States seems reasonable. The floods in Mississippi, Arkansas, and Louisiana are invariably caused by the condition of the Mississippi River, the control of which should be a national project; and the expense of local flood protection (made necessary by the failure of the Government properly to solve the Mississippi River flood problem) should not be assessed against the farmers who happen to be threatened with overflows.

These relief measures on the part of the Federal Government would do much to make the tax burden in the cotton States tolerable. The manufacturing States will be unenthusiastic; but it is fair to point out that a manufacturing economy naturally exploits an agrarian economy, and it should contribute something to the support of the agrarian economy, without which it could not exist. Besides, the agricultural economy in the

South has always suffered in order that the industrial economy of the East might have special privileges in tariff protection.

The subsistence farm is desirable in Southern agriculture. Yes, says the skeptic, but land is now largely concentrated in the hands of a few big owners, planters who do not wish to practice an agrarian economy, since they look for some miraculous restoration of profits in cotton. How is this land to be transferred to the people who would like to own subsistence farms?

On the agrarian plantation — the place where an agrarian policy is the rule and where tenants are treated as co-workers by the planters — this question is easily settled. On plantations of this kind, the owner is usually ready to sell parts of his land, particularly the rich cut-over land which may be cleared and made ready for cultivation with comparative ease. He is willing to sell this land at a fair price, on terms. And if the renting tenant were rid of the tax problem (and if he had a respectable homestead exemption), he could buy his own land easily enough, live on it, cultivate it with subsistence-farming methods, and so establish a home for himself.

In the case of the large planter, other measures are needed to secure the gradual return of the land to the people. For one thing, the tax on excess production of cotton, which was a part of the Bankhead Act, might have done a great deal toward encouraging the Big-Business planter to adopt an agrarian economy. In time it might have brought him to consider selling some of his land to his tenants!

Dr. Frank L. Owsley, writing in *The American Review* for March, 1935, suggests a program for restoring the land to the people, and transforming worthy tenants into yeomen, which should be considered carefully:

> Now, instead of the Federal or State Government spending twenty-five hundred dollars in building a house

> for the homesteaders, with whom they are very gingerly experimenting, and several hundred dollars on small tracts of land, let the National and State Governments buy up all the lands owned by insurance companies and absentee landlords — which are being destroyed rapidly by erosion — and part of the land owned by the large planters who are struggling to save a portion of their lands, and give every landless tenant who can qualify, eighty acres of land, build him a substantial hewn-log house and barn, fence him off twenty acres for a pasture, give him two mules and two milk cows and advance him three hundred dollars for his living expenses for one year. By this means five hundred thousand persons can be rehabilitated in one year at fifteen hundred dollars a family or three hundred dollars per person. An outright gift of the land is advocated to the homesteader with one condition attached: the land must never be sold or mortgaged, and when abandoned it should automatically escheat to the State which should be under immediate obligation to rehabilitate another worthy family.

In any such program, of course, one must remember that not all tenants are capable of operating farms for themselves, not all tenants are capable of working without careful supervision; the less able and responsible tenants will be left to work on the agrarian plantations. Thus the plan is a flexible one; it does not attempt to produce an equalitarian state, in which each man owns the same number of acres and no man can ever own more. But the plan does attempt to insure, to every worthy farmer who wants to be independent, that liberty which comes with ownership of real property.

One must consider, too, in any such program, the disposition, the 'set of mind,' of the Southerner, which opposes modern super-efficient methods and which resents the making of individuals into units of smoothly working systems. And one must not expect results to be immediate; the building of a strong class of yeoman

farmers is not a job to be finished in a year or in five years.

Besides tax relief and new opportunities to secure land, the would-be subsistence farmer needs cheap electric power. The National Government has already made a good start toward furnishing the farmer such power, in its work with the Tennessee Valley Authority. The small farmer would welcome an extension of T.V.A., or similar activities.

Experimentation in crops and their adaptability to soils in the cotton States can also do the subsistence farmer a great deal of good. What new crops can he plant with reasonable expectation of a good yield? Are there new crops to replace cotton in the alluvial deposits of the Mississippi Delta country, or in the clays of Alabama, or in the sandy loam of North Carolina? Our scientists can determine this for the subsistence farmer. Already they have done much, and the farmer has found out much for himself. But he needs to know a great deal more about these matters.

Of the great difficulties confronting the yeoman farmer, all may be solved by political action. Taxes on land must be lowered; land must be distributed; money must be provided for scientific investigation of new crop possibilities; cheap electric power must be provided; the right kind of agricultural schools must be established. Here are problems for the National Government; here are the matters with which our political leaders must deal if they are interested in a healthy Southern agrarianism to replace the cotton-growing industry.

V

In the rocky hill country of Arkansas there lives a man who provides us with a complete example of how the agrarian economy works in practice; his farm is in

itself an answer to the question: How can it be done? This man does not stand alone in the South; in fact he is typical enough to be worth detailed consideration.

Three years ago, George Smith wanted to make a home for himself on a farm. He and his wife moved to land which had been homesteaded by his great-grandfather. The first year they lost money because they tried to raise only cotton and corn. But the next year they began to try a live-at-home program. And this is their story, as reported in a large Southern newspaper:

> When they moved to the present farm . . . they had a two-and-a-half-room house, no lights, no fencing to amount to anything, no running water and only a barn.
>
> During the year, Mr. Smith and his wife . . . added two rooms to their home with only a little help. . . .
>
> Through a little trading, Mr. Smith bought an old store and used the lumber for his house. He traded two pigs for an electric system and bought wire from an abandoned miniature golf course and wired his house and the shops about the house. He also acquired a pressure tank for his running water.
>
> From bare necessities of the first year, he has in three years completed his model home. Take a look now. From the outside the home looks like any other farm house in the community. But inside there is a different story.
>
> The living room has been floored with narrow white pine, stained in its natural color. Two window seats that serve as chests are beneath each of the front windows. Mr. Smith made them himself. The large open fireplace is modern and inviting, with large logs ablaze. In one corner is a radio and telephone. Several chairs, a couch, book racks and a table make the room cozy.
>
> The bedroom is not floored with finished flooring, but the floor is immaculate and the furnishings modern, even to the bedlight. A smaller bedroom is west of the living room. The kitchen is almost a show place. . . .
>
> Outside, a few feet from the steps, is the insulated storage house for canned foods, potatoes, and onions. Mr. Smith has a well-built garage for his truck. . . . The

well house is well-built and modern. To the rear of the garage is Mr. Smith's work shop with everything in its place. Nothing is scattered, all the tools are in their places. He had only a hammer and a saw when he moved there.

He has a forge where he makes nearly all the tools he needs. He has a pair of pruning shears that are 'better than I could buy.' They were made from a couple of automobile springs. On the creek he has built a hog-scalding vat where one man can clean a hog easily. He is glad to let his neighbors use it. Mr. and Mrs. Smith look after the entire farm, the chickens, the cows, and the gardens.

And this is within the very State in which the tenant farmers' union started, growing out of unrest among workers on large cotton plantations!

It will be interesting to see what Mr. Smith planted on his farm last year. On one patch of ground he had ten acres of cotton, followed by vetch; next year this ground will be planted in corn. He had ten acres of corn, to be followed next year by cotton. There was a seven-acre peach orchard, sown to lespedeza for soil improvement, erosion prevention, and seed. There were nine more acres of lespedeza, which is useful not only for soil improvement but as a forage. There were permanent pastures, sown in hop clover, white clover, lespedeza, Bermuda grass, and Dallas grass. There were permanent meadows. Certain areas were planted in oats, followed by soy beans. And, besides, there were crops of popcorn, peanuts, Hegari, sorghum, Laredo soy beans, and cow peas.

Food crops for the farm workers, food crops for animals, crops for soil enrichment, money crop in moderate quantity, a larder full of provisions for the winter months: here is good living.

Nor does this way of life require that those who follow it be isolated. On the contrary, Mr. and Mrs.

Smith are prominent in the activities of their home county; they are respected, useful citizens.

It would be strange if there were not a great many other people in the South just as anxious as Mr. Smith to have homes and farms. But they must have land first; they must have a tax burden that does not oppress them; they must have government help of some sort in order to get their start. (Mr. Smith was considerably benefited by the A.A.A., which rented part of the land which he had formerly planted in cotton.) Under the Owsley plan, or under some other plan of similar nature, small farmers may be so assisted; and so to assist small farmers, so to assist tenants in becoming yeomen, is to restore liberty based on property.

What Does the South Want?

JOHN CROWE RANSOM

IT IS a public impression that Southerners do not have inhibitions against speaking up, and that what they like to speak about is the South. They now seem to concede that the South is a member part of an organic Union, and that in this relation will come what future happiness may be in store for the section. They begin to speak more importantly, or so it sounds, more prophetically, about what the South proposes to be and to do. But they speak with many voices, so that a listener is bewildered, and asks, What constitutes a proper spokesman? and, Which is the real South?

I cannot answer these questions; or rather, I cannot demonstrate that the answers I should like to offer are the correct ones: so various are the attitudes taken by Southerners toward Southern history, so various the views held about Southern policy, and so uncertain the future. The unitary South has passed; not even in a bare electoral sense is the South solid any more. The unitary South has been gradually disintegrating ever since Reconstruction days. In war, the South lost her army by attrition. In peace, when the political defenses were down, there has been another process at work: the gradual uneven insistent penetration of the region by foreign ideas.

Consider the contiguous States of Virginia, Tennessee, and North Carolina. They were, respectively, the last,

the penultimate, and the antepenultimate States to join the Confederacy. The first two had considerable Unionist populations. All three were mindful that, in the event of war, the position of a border State would be uncomfortable. (North Carolina would be a border State if Virginia did not come in.) But all joined. The war was fought principally in Virginia and Tennessee, as was bound to be, and North Carolina was spared the presence of armies on her soil, but as if in compensation gave more soldiers to the Confederacy than any other State. And today? No State is quite identifiable with a doctrine, or policy, since each State contains within itself all the doctrines. But a little may be said toward a distinction. Virginia, of all States in the Union probably the most conscious of her history, has a highly ambiguous present position. Virginia's policy, so far as one may be predicated, is unrelated to Virginia's history. The history, aggressively, self-consciously Southern; and the policy? I only know that important Virginians say, 'Virginia really has more Eastern affiliations than Southern ones; we are not exactly one of your regular Southern States.' Which means to me, to the extent that this is official Virginian talk and feeling, that Virginia is bidding for a place in the imperial Eastern Big-Business economy. And as for North Carolina, there is the fact that the Piedmont region is visibly industrialized far beyond other Southern regions, and is less distinctively Southern. In North Carolina they have had their Walter Hines Page, and they have their excellent University filled with modernists.

In Tennessee there are certainly many persons who agree with the Virginia and Carolina modernists. In 1929, the biggest and most high-powered promoters in the whole South — or at least the ones that made the biggest crash — had their headquarters in Nashville. But in Nashville also was the nucleus of the so-called Agrarian group. The movement which these last

initiated was not measurably a very large one, yet surprisingly it seemed to engage the public imagination as the counter-attack, or the belated offensive, of the old or traditional South. But for the probability that it would be reading too fateful a history into the event, I should say that it was as if the State had essayed to assume a leadership that was not coveted by her elders. Not by Virginia, who is oldest, nor by North Carolina, who is the mother of Tennessee. The assumption would miss being a presumption because the leadership was going by default.

Hitherto the Agrarians have addressed themselves principally to their fellow Southerners, with the result that they have sometimes been fairly unintelligible to readers from other sections. But really it must be supposed that they would welcome all reasonable affiliations, and indeed seek them if they knew how. After all, the Agrarians of 'I'll Take My Stand' were mostly college professors, with no more gift for public life than was to be expected. They were delighted to discover some unforeseen friends; as, among New-Englanders who have seen land and power pass from the original possession into strange hands and strange uses; and among Westerners and Middle-Westerners who have never known their real interests to be pursued by their nominal patrons who controlled things in New York and Washington. The Southern Agrarians would like to see all these sympathetic elements combined, for the sake of power; that is, for the sake of common protection, and the preservation of American institutions. America has been dominated, financially, industrially, politically, from the East. Behind this dominion there was no idyllic purpose ever pretended, but there was the promise that it would make all Americans rich, and 'civilize' them in the hard materialistic modern style. It made many Americans richer, indeed, and then its magical power suddenly failed, and even

the favored Americans became very much poorer. The Eastern idea is not working perfectly. There must be as many persons begrudged against the imposed economy as there are persons who still feel easy and hopeful under its grandiose ministrations.

The South has a body of prejudices — I think that is the precise name for them — which are yet far from dead. They have to do with the way to live, and the way to conduct business. These prejudices do not consist with the recent economic doctrines, but they do consist with the new skepticism and discontent. In other words, the South, by virtue of being moved by a tradition, is capable of bringing passion to the support of a policy which other regions begin to come to by rational and somewhat distrusted processes. That is why, as I hope, the South may be a valuable accession to the scattering and unorganized party of all those who think it is time to turn away from the frenzy of Big Business toward something older, more American, and more profitable.

I shall try to calculate what sort of economic establishment the South would approve most naturally, in the light of these prejudices. If the Agrarians have in the past had most to say about an economy for farmers, there are also just as instant prepossessions in the South in the matter of the right economy for the other estates. There are business men and laborers, as well as farmers, equally to be defended. I shall refer to each class in turn.

II

An orthodox capitalism for the South would be an economy with a wide distribution of the tangible capital properties. That is the thing with which the South is best acquainted. The business transacted under it is business on the small scale — many owners, little businesses. The philosophy behind it I will argue briefly

as a philosophy which most plain Southerners would understand.

Ownership of property is one of the best privileges and one of the most sobering responsibilities that citizens can have under a free State. It is all but an indispensable qualification for the complete exercise of citizenship. But I refer to that kind of property which the owner administers, not to a paper ownership which does not entail any part in the management. The fathers of the nation were at pains to write into the Constitution the inviolability of the person, and then at pains to write into it the inviolability of property; of property in the sense I have said, which was nearly the only sense of it they had. These are the principles of original Americanism, North and South. Because of them the Constitution may still be regarded as an instrument worth fighting for, provided it can be held to its intention. The Southern heresy, as many 'advanced' or 'liberal' thinkers regard it, lies in the constitutionalistic bias of the region.

With the advent of the modern economy, however, the little businesses merge into the large business, and the fact of property takes on a new meaning; a meaning very much poorer in content and encouraging some vicious propensities. For we have to ask, What becomes of the original small owners, those responsible and therefore ideal citizens, in the age of Big Business?

They may become employees in Big Business. But in that event they lose their economic freedom, for they become hired men, though they wear white collars, taking orders. The bigger and more efficient the business, the more meticulous the orders. Under Big Business the real economic initiative rests upon a few choice heads, which may be very strong heads, indeed; it is these who lay out the program for the others. The owners of all the other heads cannot find a first-rate occupation for them, and do not become the better men

for it, though they may enjoy an increased productivity.

Or, as an alternative, they may become paper owners in the large business; but if this is their only function in the public economy it is a strange one. It involves no responsibility, or one so slight and indirect that it does not seem worth trying to exercise. Among the incidents in the growth of the scale of business organization — which defines somewhat the development of the modern economy — is the increase in the fluidity of capital, which means that there is more and more of free capital to hire out at interest for purposes with which the owner has no concern, and possibly very little acquaintance.

Is it necessary to persuade Americans to guard the right to administer their own property? We are singularly enfeebled if we now resent the thought of such a bother. Yet our economic 'progress' brings the steady increase of a class of persons who might be defined as economic geldings; they are the *rentiers*, or the investors. The bad repute which once attached to the usurers when usury was nothing but interest was born of the plain man's notion that the lender of money, dissociating himself from the pains and pleasures of capital production, was dodging his responsibilities, and really was too deficient to relish the taste of them.

Many of the ablest men of this country, however, as judged either by heredity or by education, have been gelded. In the South, too, they are to be found, often the handsome and charming members of the old families. They would define their economic occupation as 'watching the market'; meaning the fluctuations of security prices on Wall Street. Their technical ownership in a company does not imply an interest in its actual business problems. If it gets into trouble, they are far from feeling any proprietary concern. They telephone their brokers to sell.

Who, then, runs the Big Businesses? The executives, the officers, the directors, a small company of men, all

in the position of trustees for the invisible and putatively brainless owners. Assume that they are honest trustees, as they probably are. What is honesty in a trustee? The virtue of a business executive is like that of a statesman, it consists in getting all he can for his wards. The standard of international morality is lower than the standard of personal morality, and the code of Big Business is lower than that of little business. The most charming statesmen are prepared to tell lies and break treaties and wage unjust wars in the name of their country, and amiable gentlemen on becoming business executives proceed to cut the throats of their small competitors and hire labor for the company on terms that sacrifice the dignity and elemental needs of the laborers. We have been informed that the 'economic man,' who used to be cited by economic theorists as the man who acts strictly in the pursuit of gain and is immune to moral and personal considerations, was an abstraction that never existed. He does not exist in the small businesses, or at least he is hard to find there, but he is the regular thing in Big Business. The true economic man is the corporation, whose multitude of owners enjoy limited liability and leave the business to agents to run with maximum efficiency. Under Big Business and limited liability the spirit of *noblesse oblige* has disappeared from the working habits of the rulers of society. If it remains somewhere within consciousness, it ceases to apply at the place where it would do the most good, for in the economic world a technique has been devised which will prevent it from having any effect.

These are human and moralistic scruples, it must be conceded. But by a coincidence the associated doctrines of Big Business, mass production, and maximum efficiency begin to encounter suspicion from the pure economists. I shall not attempt to reproduce their arguments. They observe:

1. That the superior productivity claimed for Big Business seems to have been overestimated, and to be by no means the invariable rule. At the least a very expert analysis is demanded. And it is certain that the destruction of little businesses by Big Business does not always prove the latter's superior economy, for often it means that the superior capital of the corporate business has been used to advantage in unfair trade practices.

2. The superior efficiency of Big Business may be clearly demonstrable, by beautiful statistical exhibits, and by theory of mathematical cogency, and still it seems to be a question whether Big Business does not head inevitably for the graveyard. There is the strange phenomenon of 1929–32 to its credit. There is the contemporary and even stranger phenomenon of 'rapid recovery' without serious diminution of unemployment. Of what use is a brilliant system that cannot keep on its feet?

Now there is practically nobody, even in the economically backward South, who proposes to destroy corporate business. Least of all, it may be, in the South, which wants to see its industries developed, so that it may be permitted to approach closer to regional autonomy. Corporate business is essential to the production of many things that we demand, it is institutionalized in our economy. But every day or so it seems to Southerners, when they reflect upon it, to have exceeded its limits and become predatory. It preys on the little independents. But it is peculiarly vulnerable to attack because it is primarily, and will very largely remain, an Eastern instrument, preying on the West and South. Here is the modern sectionalism that makes inflammable tempers take fire. The South is perhaps more sensitive to that kind of piracy than the West, but perhaps the West will be glad to have a Southern alliance as soon as it sees how opposed to its own in-

terests are the Eastern business interests, and how impossible it is to bring the Eastern interests to terms by the exercise of nominal membership in a ruthlessly Eastern political party. It seems to me certain that coming economic issues will array section against section very openly.

Specifically, I should think that the South, when it has a definite program which is consistent with its customary attitudes, will make at least two major requirements toward the recovery of responsible business direction: a review of the easy bargain which the charter-granting power now makes with the absentee owners of capital properties; and every possible legal assurance to the small independents of their right to compete against the corporations without being exposed to conspiracies.

III

And now the farmers. Farming has remained a private business; the joint-stock companies engaged in agriculture in this country are as exceptional as their economy is doubtful. Farmers are far ahead of the so-called business men in the unanimity of their independence. Even the tenant farmer takes his contract on broad terms which leave him free to plant, tend, gather, and sometimes sell at his own discretion; and even the day laborer submits to nothing like the bossing of a factory foreman. Farmers are much the most important bloc of free spirits who have survived the modern economy. They should be regarded as the staple of our citizenship.

Yet with respect to pecuniary reward farming is a miserable business, in the South as elsewhere. The conclusion is forced upon the realistic observer that agriculture in this country is not an ordinary business, but one that suffers from an immense and peculiar disability. Agrarians take the realistic view, and propose the following theory.

In the modern 'efficient' society business is highly specialized, and both owners and laborers live by the money income which they net from the sale of their special goods and services. But agriculture, pursued on strictly business principles, will always be insolvent, and the class dependent on it will always have an insufficient income.

The reason for this is that agriculture is an overcapitalized business, therefore an overproductive business, and therefore an unprofitable one. Its capital is the land, which is fixed by nature, and which is greatly in excess of our needs. How much in excess, it is impossible to say. The land is several times too abundant at least; under the circumstances it will never attain anything like its maximum productivity, so that we shall never know how great that is. Yet practically all of this land is in business; that is, in the hands of private owners waiting to produce. These owners will raise crops for the market as fast as they see any chance to dispose of them at cost, and as a matter of fact always a little faster. In the same way the railroads, or the cotton textile mills, must cease to prosper if there is a marked excess of fixed capital engaged in the competition. But the doom of agriculture is really worse, for it is perpetual. The supernumerary railroad equipment or mills might be abandoned, or scrapped. The land cannot be destroyed, and it cannot even come out of the hands of private owners until the present Constitution ceases to govern the American society.

But light is shed upon the special position of agriculture as soon as we ask the question, How, then, do the farmers remain upon the land when they are by definition bankrupt and destitute? They do it by virtue of the fact that they practice not one but two economies. The one to which I have been referring is the money economy, in which farmers as a class would certainly fail if they had no other recourse; but the other is the

individual economy of self-subsistence, upon which farmers can always fall back and by virtue of which farmers are invincible. The mistake which farmers in America have made is in having been taken in by the brilliant (if wayward) spectacle of the business or money economy, so that they concluded to rely on money-farming alone; they were betrayed into this decision by unrealistic advisers, including for the most part their instructors in the agricultural schools and experiment stations. It is not by money-farming that farmers can hold their property and live in decent comfort: it is by the combination of subsistence-farming and money-farming. This was the burden of what the Agrarians had to say to farmers, and I shall not enlarge upon it.

The special position of agriculture in America presents these features, therefore: Liability, a natural and permanent capitalization which is grievously excessive, and which makes it impossible for it to survive as a pure money-making business; assets, first the privacy and independence which attaches to its pursuit, and second, the unique advantage of subsistence without regard to money income.

But something must be said as to income, and the things that income and nothing but income will secure to farmers. (They will not live by bread alone, nor even by bacon, dairy products, and garden truck.) At this writing, the Triple A device for enhancing farmers' income by arbitrary subsidy has been ruled out by the Supreme Court. That is well. Much as the farmers need money, it is too precarious to depend on receiving it in the form of a bounty, and it does not help their morale. Still worse, they cannot submit to government control as the condition of receiving it; farming ceases to be farming when its direction becomes external and involuntary; and farmers would have eventually rebelled against A.A.A. in the name of their constitutional rights if the processors had not anticipated them.

It seems idle also to expect much of increased foreign trade as a means of disposing of surplus. The world evidently does not need additional exports of American farm products, and economic nationalism is certainly the only logical status which a country may look forward to when it does not need imports. Even the Southern cotton farmers, who look to the foreign markets as no other farmers do, begin to be pessimistic about relief from this source and to consider other uses for their cotton acreage.

But in view of the special liability of agriculture in this country, and the fact that farmers are a class whom the nation should delight to honor, there should be a special treatment for them. It should take the form of basic yet indirect bounties, which would give them the advantages needed for the exercise of good citizenship: government services. The farmer should receive greater and not lesser services than he now receives, and yet he should be relieved entirely or nearly of his present land taxes; for these are not paid with produce, but with income from the land, and the income from the land does not justify them.

Among these services must be listed good roads. Another will be a free domestic market on which he can buy with his limited income at competitive prices, and not, as at present, at prices fixed by business combinations. Another will be first-class educational advantages for his children; it is the lack of these which has driven many of the best farmers from the land. They should not have to leave the land for that reason; the farmers of the poor Scandinavian countries have not had to do it.

A not unimportant service would consist in electricity delivered cheap at his door. It is possible that the name of the thirty-second President will go down into history as associated with this philanthropy. It is electricity which makes most of the difference between the com-

forts of the city and the comforts of the country, and yet no commodity is more negotiable. The Agrarians have been rather belabored both in the South and out of it by persons who have understood them as denying bathtubs to the Southern rural population. But I believe they are fully prepared to concede the bathtubs.

IV

The South cannot view human labor in the classical economic sense, as a commodity, or a cost. Labor is men laboring. The men who labor are, on the whole, those who are backward in economic initiative and intelligence; more rarely, those who have a sort of apprenticeship to serve, who lack nothing but economic opportunity and experience. But they are men, and if they are too helpless or too docile to defend their human dignity, they must be assisted.

The indignities of modern mechanized labor are marks of slavishness, not freedom; they affect principally the spirit, then incidentally the body, and the purse. But the cure which the passionate partisans of labor generally propose is an odd one. They would destroy the freedom of the owners in order to bring about the propertyless State in which nobody is to be free. Before that stage is reached, they suppose that bigger wages, or a larger share in the spoils of production, is all the compensation for servility that can be thought of; or that it does not really matter how the laborer has to labor if it enables him to ride in a car after working hours.

In the South I believe it is generally assumed that there will always be the men whose courage and intelligence entitle them to own, and also the men whose natural quality fits them to work for hire. Otherwise, the ordinary pattern of economic society is not possible, or at least it is criminally wrong, and we must find a new

one; though it is very likely that the present large scale of wage slavery misrepresents the actual proportion of this latter class in our society. In opposition to this assumption, the writers of recent proletarian literature have grown irrational and a little maudlin in their glorification of the workingman. They are mystical. They have broken bread with laborers, and communed with them over their beers. They have liked the thrilling odors from the armpits of men who work with their hands, and they have admired the ox-like strength of laborers, and still more the ox-like herding together in comradeship, and in the gregariousness of simple creatures they have seen the sublime consummation of human society. The generosity of this policy is beyond praise. But by an oversight they have forgotten to make room for the most distinguishing of the human qualities, which is — intelligence.

Such realistic expressions as these may not seem to promise much for labor; they hardly compare with those of the left-wing authors for quixotism. On the other side I shall try to imagine some of the advantages which the South may want to realize for its labor population as its new industrial establishment rears itself. But there is first one more reservation to make, for the sake of honesty. The income receivable by wage-earners is like that receivable by farmers: it must depend more on economic forces than on legislation. Nevertheless, there are minimum advantages which laborers as citizens should enjoy. It should be possible, by a combination of law, public opinion, and labor union policy, to improve the conditions of labor almost beyond recognition. (On this subject I can speak only as an amateur; but perhaps I can qualify in one respect that is important — perhaps I can represent faithfully what the Southern attitude commonly is.)

The tenure of the job should be secure; that is, if the job fails, there should be a fresh source of income, a fund

in reserve, to fall back upon. In other words, the South is entirely sympathetic with our incipient national and State program in this direction.

The houses and premises, so far as they are provided by the company, and perhaps with the assistance of the State and the community, should be brought up to a standard of decent habitableness. The houses should have plumbing; and what is even more important, a minimum of room, both indoors and out, which means privacy, which means personal dignity to the inhabitants. The section should be paved, planted in trees and flowers, provided with playgrounds and parks, and such other advantages as are urged nowadays by welfare workers. But I should be a little wary of the professional welfare workers, and not let them drill the population too hard in playhabits and social functions. I should give the labor community its rights and let it make the most of them.

There must be adequate medical and hospital services, and provision for good education.

Finally, the labor itself should not be more monstrous than the nature of the machine positively requires it to be. The principal relief from the absurd monotony of some forms of machine-tending must consist in stopping frequently; and the labor should not be performed at the fastest possible pace in the first instance. Here the Southern temperament discloses a peculiarity which sets the region quite apart from others as a field for industry. Southern labor will not work as fast as other labor. It is even a matter of pride to the laborers; I have heard manufacturers discuss it. But it is not the orthodox and approved direction for laborers' pride to take. Generally it is the 'efficiency' of American labor which is the matter of pride; which is boasted about by the companies, who are naturally well disposed to it, until it is taken up by the laborers, and eventually becomes the official boast of the American Federation of Labor.

American labor works faster than British labor; but I believe it is exceeded now in this respect by Japanese labor; and the Japanese in turn are excelled by the red ants, who probably are proud of knowing how to run without ever having learned how to walk.

Is the tempo of Southern labor to adapt itself to that of Eastern labor, or is it to become the new standard of American labor generally? I hope the latter. Otherwise the term 'labor-saving' refers to labor in its old invidious sense, as meaning nothing more than one of the costs in production.

Whither Europe?

DOUGLAS JERROLD

THE present crisis in Europe and Asia is the product of the breakdown of that system of finance-capitalism which was built in the middle of the last century on the foundation of the Industrial Revolution. On the political side, the rival forces of fascism and international bureaucratic socialism (now called economic planning) are the two most widely advertised means of escape from the social consequences of this breakdown. Yet because neither of these two methods of escape leads to a desirable refuge we see the shadow of domestic unrest and anxiety over every country in Europe. On the economic side, economic nationalism offers an immediate and practical mitigation of the disastrous economic results of this breakdown, while the champions of an internationally controlled economic order offer a diet of fervent hopes to ardent reformers who wish to cure the disease without taking the medicine. Yet in the sphere of foreign policy, it is the great political changes necessitated by the growth of economic nationalism, which are setting such grave problems to the chancelleries of Europe. How is a stable social and political order to be established on the ruins of finance-capitalism without the sacrifice of individual rights or the repudiation of international obligations?

The answers to all these questions can hardly be found in the lifetime of men now living. Yet Western

Europe, and the Asiatic powers who have been drawn within the orbit of her material civilization, have been forced at grave peril, almost, it would seem, regardless of the consequences, to pose them. Is this lunacy or a return to sanity? Is the present chaos a sign that the Christian civilization of our ancestors is hurrying to its doom, or that it is struggling back to its old principles? Are we seeing the stormy and dangerous beginning of the Decline or the Renascence of the West?

America could not if she would be indifferent to these questions, still less to the stirring events to which they must give birth. On the answers to them depend alike the peace of Europe and the balance of forces in the East, in both of which America is vitally interested. But today these questions have an even more direct concern for her. Although the vast material resources of the United States give America a freer hand than England, for instance, can enjoy in determining the nature and trend of her own economic organization, it is certain under modern political conditions that the decisions which she will take will be governed largely, if not entirely, by the social and political conditions which she desires to realize. It is not for an English writer to recommend one decision rather than another. America will decide for herself. She will hardly, however, reach a decision without reference to the results, some already observed and the rest clearly predictable, of the workings of finance-capitalism in Europe and of the social and political consequences which have derived from its collapse.

The first question we must answer is this. What was the essential of the pre-war finance-capitalist system; is its collapse due to inherent or accidental causes?

Politicians and financiers in Europe, and those interests in the United States whose fortunes were clearly linked with the European financial and industrial system, assumed for at least a decade after the war that they

were dealing with a temporary condition produced by the chaos of the war of 1914. There are still, even today, many who look forward to a return to the old system and proclaim that the lowering of tariff barriers and the restoration of world free trade would cure all our ills. To such people, the return to prosperity will be signified by the return of profitable international lending, involving the stabilization of the exchanges and the subordination of world politics to the needs of commercial equilibrium and financial security. How far the world is from realizing this dream can be seen by a glance at Geneva, where its chief apostles are reduced to launching a world-wide campaign of economic sabotage as the final, if not the fatal, weapon against the militant march of Italian economic imperialism.

The essence of finance-capitalism was not free trade but free money. The world was regarded, and largely treated, as a complex of 'resources' to be developed. Put in its crudest terms, food was to be grown in the open spaces of the New World and manufacturing concentrated in areas where natural resources provided cheap power, skilled but cheap labor and easy communications. This was a natural view for the English, who were largely the creators of the system, to take. It meant applying on a world scale the principles and practices of the English Industrial Revolution, which had destroyed small holdings in the interests of scientific agriculture and cottage industries in support of large-scale manufacture. In the process, the free land-owning or land-sharing Englishmen became the landless proletariat of the great towns. It seemed a sufficiently logical extension of this system to go on to destroy British agriculture altogether in order to turn the whole of England into one vast factory and to develop the new lands overseas to supply cheap food and to provide raw material for our equally cheap manufactures. The same people who financed the manufactures at home lent

their profits abroad to develop new sources of supply for raw materials and new markets for our exports. And the decree went forth from the Bank of England that the whole world should be enrolled into this beautifully simple system.

The result was astonishing: it was the modern world, sustaining an infinitely larger population than was ever dreamed of and conferring on large numbers in every country a higher standard of life than ever before experienced save by small and privileged oligarchies. But we must beware of oversimplification: at no time was the process a simple exchange of food for manufactures. It is impossible for any country to be purely agricultural: even for the simplest forms of food production a measure of industrialization is necessary. For the high-power production of food for export, a large measure of industrialization, necessitating heavy capital outlay on buildings, docks, harbors, and railways, is an indispensable preliminary. There was one condition only on which these goods could be supplied by the Old World to the New; the Old World had for a long time to produce a great deal more than it consumed. Expressed in terms of economics, this meant cheap labor: expressed in terms of politics, it meant vile social conditions.

So much for that part of the bill which our grandfathers paid. But that is only the beginning of the story. Interest had to be paid on the thousands of millions invested abroad during the half-century before 1914, and this interest could, of course, be paid only in goods. This meant great profit to the *rentier* classes, and to the banking and shipping interests, but it meant unrestricted food imports and the deliberate organization of English economic life on the basis of what inevitably became the highly competitive trade in exported manufactures.

The system was workable so long as only one or two of

the European countries were industrialized, and as long as the New World and Asia were not. But, all through the fifty years of finance-capitalism, two powerful factors were at work. Industrialism was spreading east from Great Britain across Europe, reaching by the early years of this century even the fringes of Russia, and the New World was not only soon equipped with the capital goods necessary to keep the Old World supplied with food, but was rapidly equipping itself with capital goods for the purpose of supplying its own need for manufactures and even joining in the competitive export trade.

This is the significance of the statement that the essence of finance-capitalism was not free trade but free money. In so far as the system was directed quite simply to the interchange of commodities on the basis that these were to be produced or manufactured only when optimum conditions prevailed, and thus the world's resources were to be developed to the utmost possible extent, the system added inestimably to the wealth, if not to the happiness, of mankind. But the system was not in fact motivated by any such scientific purpose, but by the mere desire to find lucrative investments for capital. If it paid better, as it did, to make textile machinery for export to India and Japan than to export cotton goods, then textile plant was exported. The savings derived from the cheap labor were used to finance and equip our future competitors, who soon repaid us by putting up tariff barriers against our manufactures and so building up their own industries.

The financiers were wise to take their profit when they could find it, for the system was in fact inherently unsound. In the world state of the socialist's dream, the process of industrialization could have been stopped at the point where it suited the convenience of Western Europe, always supposing that the world state was, in effect, a dictatorship of the English and French banking

interests. But, in the happier world in which we live, there was no chance whatever of setting any limit to the spread of industrialization, and the catastrophe of the Great War made it impossible even to delay it. Nothing, however, can be more fatal to clear thinking than to mistake this immediate cause for the ultimate cause of the failure of finance-capitalism. The extension of industrialization forced on every one of the belligerents, by the military requirements of the war, the development of new sources of power, the neutralization of climatic advantages by the application of scientific invention and the manufacture of substitute or synthetic raw materials — all these factors have intensified the post-war crisis, but none of them is responsible for it. Finance-capitalism was a wholly artificial system, arising out of temporary conditions which have long since passed away and will never recur. The chief of these conditions was the existence of vast territories, in North and South America, in Africa, Asia, Australia, and Eastern Europe, which were undeveloped, and, in the case of the New World, almost uninhabited. The second of these conditions was the military, political, and financial dominion of Western Europe, which made it possible not only to lend money, but to supervise its expenditure and to collect the interest.

It may be said at this point that, after all, the transactions involved in finance-capitalism were to everyone's economic advantage; but even if this were so — which it is not, for the basis of the whole thing was, as we have seen, cheap labor and vile social conditions — the subordination of politics to economics which the system required was unwholesome, unnatural, and, in the long run, impossible to maintain. To restore the system would involve nothing less drastic than the destruction of national States for the benefit of anonymous trading interests. No nation whose population depends on exports can willingly allow millions of its

citizens to be thrown out of work by the whims of dictators or parliaments, by wars or revolutions or currency manipulations. Yet no civilized and free nation can allow its social and political structure, its standard of living, its balance between agriculture and industry, to be determined for it by its money-lenders or its suppliers. Healthy trade can never thrive on restraint of trade, because the restraint will be felt by one portion of the community, and the profit will be reaped by another. The result will be a political and social disintegration leading inevitably either to revolution or regulation. Strong vested interests may, for instance, maintain the English beef trade with the Argentine at the expense of the home producer of livestock for a long time, but not indefinitely. Asked to balance the interests of our depopularized countryside against the interests of the Argentine ranch bondholders, the electorate will, in the long run, give a decided answer. It will not be in favor of the bondholders.

The strong trend toward self-sufficiency has been assisted by the Peace Treaties of 1918, and the Covenant of the League of Nations in particular, which reasserted, and without hope of a peaceful reversal of the verdict, the supremacy of politics over economics. The cardinal League principles of self-determination and non-intervention are directly opposed to the spirit of finance-capitalism and fatal to its practical working. The artificial construction of new states on a racial basis necessitated their protection by tariff barriers of a wholly different kind from those erected before the war. Political independence necessitates a wide measure of economic independence, in a world where national states are denied the right of private action to collect their debts or insure their own essential supplies. Similarly with the nations formerly dependent on export trade. The disorganization and malgovernment of a great territory was in the past an occasion for intervention.

The deliberate destruction or closing of markets, the ruin or expropriation of capital assets, were offenses against the pre-war international morality. Under the post-war system these things came to be known as progressive experiments in new systems of government justified by the right of all peoples to work out their own salvation in their own way. Such a conception, however enlightened, has been shown to be quite incompatible with the pre-war economic system. As we have said, no nation can allow the livelihood of a great section of its population to be determined, not by the industry, thrift, or competitive skill of its own people, but by the whims of Chinese, Indian, or Russian politicians, and to these categories must be added, it seems, any politician of any nation who acquires the League mentality. Quite clearly, if economic sanctions are going to become a regular diplomatic weapon, and unofficial boycotts, such as that proposed by China on Japan or by the Jews on Germany, are to become a regular custom, then absolute self-sufficiency must become the very first indispensable condition of safety for any state.

The League, however, in its action against Italy, is, even if inadvertently, engaged in fighting against its own constructive principles. The claims, made or implied, of Japan, Italy, Germany, and Poland, to overseas possessions or economic privileges represent only the first (although sufficiently drastic) proposals for readjustment which the world will have to adopt if it is to become, in fact what it is in theory, a free association of sovereign independent states. The British Commonwealth of Nations provides the model for the transition from a large area dominated by the principles of finance-capitalism to a group of autonomous units aiming at economic self-sufficiency. When the Indian political classes acquire power as well as office and use it, as they will, in the interests of Indian trade and industry, England will be forced to complete the re-

adjustment of her economy, and to force in her turn a substantial readjustment, possibly not unaccompanied by measures of repudiation, on South America, and, to a lesser extent, on Denmark. The early stages of the transition will, as we can already see, be dangerous, and it is not impossible that, long before it is completed, an attempt will be made by the financial and commercial interests, still so powerful in the politics of England, France, and Russia, to arrest it, and to maintain, if necessary by force, the economic and political *status quo*. English banking and shipping interests, Jewish internationalism, French chauvinism, and Russian communism will make uneasy bedfellows, but they represent powerful forces which, though ranged behind the League and paying eloquent tribute to its ideals, are fundamentally hostile to that world order of self-sufficient states, each free to order its affairs in its own way, and guaranteed an absolute immunity from external interference, which is the only possible basis on which the ideals of the League Covenant can be realized.

Yet, in the long or in the short run, sanity will prevail, because the will to peace is real. Behind the political smoke-screen, vast changes are already in progress. England is reviving her wheat and livestock production, has already re-established her pig production and will soon turn to develop her markedly rich potential resources in dairy produce. Ireland is turning herself from a country based on agricultural exports to a country of subsistence farmers. Germany is being forced by international Jewry along the same path and Italy by internationalist politicians. In both cases the tendency was there already. Italy in particular is already on the way to freeing herself from dependence on foreign coal, and one of the main aims behind her Abyssinian venture is to free herself from her dependence on American and Egyptian cotton. The much-discussed Five-Year Plans of Soviet Russia are not, as is absurdly claimed, a step

toward a new form of capitalistic state, but a desperate effort by the Russian Government to adjust itself to the new era of self-sufficiency, and the consequent permanent shrinkage in the volume of international trade. So with Poland, where the Polish coal mines are, at the moment, relatively severe competitors with the British for the Scandinavian markets; the main motive behind their development is not to enable Poland, in the twentieth century, to play Britain's nineteenth-century rôle of coal exporter, but to maintain Polish independence in the new and strenuous age of economic nationalism.

This dramatic reassertion of the supremacy of politics over economics is the supreme event of the twentieth century. It is generally deplored by tradesmen, and the open hostility of 'the so-called international bankers' (to quote President Roosevelt) to the new age is one of the few signs of political sagacity manifested by that fraternity in the post-war decade. There is a curious parallel to this dramatic resurrection of national economic independence in the resurrection of political nationalism which followed on the era of Napoleon's campaigns, whose success largely created the forces which led to his destruction. So with the forces of pacifist internationalism in their brave new world. Pleasant and grandiose as was the dream of a world order regulated by the professional international politicians, it involved, in a world where sovereignty was put into commission, a degree of subservience to the great financial interests which, on even a little experience, was likely to be insufferable. If economic sanctions prevail against Italy, the lessons will only be the clearer, and the reaction already in progress will be intensified a hundredfold. The old search for the strategic frontier will give place to a new search for the economic frontier, and the alliances of the future will aim not so much at the concentration of military force as at the co-ordination of

economic resources to the point where boycotts or blockades can be indefinitely resisted.

Both as a sovereign State deeply committed in the past to the finance-capitalist system, and as a federation likely to be increasingly concerned with the assertion of sectional rights, America can hardly be uninterested in these profound changes in the European theater. In particular she will, unless she has lost her political instinct, beware of treating these changes as temporary just because they are not permanent. All history is a process of becoming: there is no finality to the historical process. The secret of progress lies in the power of a race or a nation to adapt the transitory material conditions to the purposes of civilization. *Natura nihil facit per saltum.* A nation which fails so to adapt itself, even for so short a period as a generation, may well suffer an eclipse from which it will not recover for centuries. The progress of the great national states toward economic self-sufficiency will not in our lifetime be arrested. The era of free money is at an end. It may return in different conditions. New discoveries may once again localize the sources of essential raw materials or the cheapest sources of power. But it is at least as likely that the development along present lines may be so rapid and reach such complete fulfillment that we may get back to the conditions where high politics are again absolutely dominant, and religion will re-enter the stage of history. These speculations may seem remote from the actualities of politics in the year 1935. But the web of history is woven without a void. In either case the battle will be to those who have best adapted themselves to the conditions of the present age. Because the English-speaking peoples first solved the problem of reconciling the need for central government with the need of men in the age of newsprint and railways for political freedom, these peoples were the heirs of the new dispensation of science which, in the course of the nineteenth century, changed

the face of the world. Today, without the advantage of a flying start, when it is they rather than their competitors who are handicapped by a veneration for old forms of government not necessarily well adapted to the needs of the new age, the English-speaking peoples have to solve with the rest of the European world (with which must be included Japan and British India) the problem of reconciling economic self-sufficiency with the essential conditions of spiritual and material progress.

The real and even passionate feeling which the Italo-Abyssinian conflict has aroused in Euope shows that the need for this reconciliation is clearly realized. Europe will no more be allowed to march to its new goal over the ruins of its civilization than it will be allowed to deny its manhood by subordinating its heritage of national freedom to an economic dictatorship of the Triple Entente. Still less will European public opinion tolerate the conception of a universal servile State dedicated to the exclusive and quite unimportant task of keeping itself alive. All progress is from the simple to the complex, and if the march of history were in fact, by a unique act of human volition, turned from now onward from the complex to the simple, it would only mean that the world would henceforth be moving backward. We should then certainly be facing the Decline, not the Renascence, of the West. The decision happily is not yet taken, but the time of testing is now.

Within the boundaries of the national states of Europe the march toward economic self-sufficiency is raising questions equally profound and perhaps even further from solution. The problem is, however, defining itself with increasing clarity. We have already seen how the pre-war finance-capitalism demanded free imports and cheap labor as the essentials of its mechanism. The direct consequence, in the sphere of domestic European politics, was the growth of the revolutionary socialist

movement. Faced with the choice between regulation and revolution, England and Germany set out, long before the war, to lay the foundation of what is known as State capitalism — the system under which the great manufacturing interests, in return for their independence from State control, place the State in a position to guarantee a minimum standard of life and a minimum amount of security to the workers. This system has inherent defects in any age. Notably, the pressure of the guaranteed on the guaranteeing classes is inexorable and inevitable, and must in any case have ended in spiritual demoralization and economic bankruptcy. Beginning in 1908 with old-age pensions for the very poor, followed in 1911 by a State-assisted health insurance scheme, England had already, by the middle of the last decade, reached the point where the Conservative Party itself was promising lavish assistance out of public funds 'from the cradle to the grave.' That it was not so foolish as to attempt to fulfill its promise, and that the Labor Party, even more generous, notably failed to do so, only showed that the system left the citizens of a once free and independent-minded country, when they went to the polls, a mean choice between something very near chicanery and something little short of lunacy. A very similar choice was being offered to the peoples of continental Europe, all of whom were experimenting in the early post-war years with the same system. How the battle would have gone is, today, merely an interesting speculation. The battle was forgotten in the world crisis of 1930–32. The resulting intensification of the movement toward self-sufficiency destroyed the basis of State capitalism. In a relatively static era, the inherent economic defect of State capitalism — the destruction of the mobility of labor — might not have been fatal. When it at last became clear that the post-war crisis was not a passing phase, but the result of deep-seated causes, the age of economic readjustment opened, and the im-

mobility of labor made a large measure of State control, subsidization, and protection a matter of urgent political necessity if the period of transition, now seen as inevitably lengthy, was not to lead to disastrous social upheavals.

Thus was 'economic planning' superimposed on the 'social services' which were the characteristic political expression of State capitalism. Between fascist, communist, and parliamentary governments there is, in this respect, no difference whatever. The parliamentary states have, in fact, been forced to adopt the authoritarian technique by placing such matters as tariff regulation, the control of transport and the regulation of the subsidized industries in the hands of irresponsible 'commissions' or 'committees,' whose members would in Russia be called commissars, and whose decrees, though sometimes formally submitted for parliamentary approval, are just as much acts of dictation as the 'laws' which Herr Hitler submits to the Reichstag.

It has not, however, escaped attention that with the final collapse of the pre-war finance-capitalism the case for the denial of economic liberty has gone. It was not the needs of the home population but the needs of the competitive export trade which necessitated the extremes of concentration and specialization in the production alike of foodstuffs and manufactures. Nor was it the needs of the home market but the need for consuming annually far less than we produced (in order to develop new and potential markets) which necessitated the depression of the rewards of labor to a bare subsistence level. The new pursuit of economic self-sufficiency, while unquestionably demanding, in the existing circumstances, a large measure of State interference with industry, does, in fact, provide an opportunity for the restoration of the property State, and must ultimately lead either to that conclusion or to the establishment of a completely socialized society. The choice

between these two alternatives will confront parliamentary and fascist states alike, and it is by no means impossible that even in Soviet Russia the question will be raised.

The reason why this choice presents itself and why there is no other is because the existing compromise (State regulation of private enterprise accompanied by a guaranteed standard of living) must prove, in the era of State interference with the conduct of industry, politically unstable. A guaranteed standard of living for the unemployed; minimum wages for the employed; free education and health services; maintenance in sickness and old age: these things must, for obvious political reasons, be provided on a scale less attractive than those available for at least a majority of the gainfully employed. This means the stabilization of inequality, which men will never tolerate except at the price of freedom. They will accept inequality under a system in which it is, on the whole, the genuine result of the free exercise of natural talents, but never when it is part of a bureaucratic plan.

From the point of view of the producer or employer the result has been proved equally unsatisfactory. Industry is still competitive; the home market is still free; but the system which takes from productive industry more than a quarter of its entire output to be redistributed in goods, services, or the cash equivalents by the State, restricts the rewards of enterprise for all to the point where no new enterprise can be started without a subsidy or a guaranty. Thus the very factor which justifies, and, on a long view, demands, the retention of the system of private enterprise, cannot function under the present State-regulated compromise between capitalism and socialism.

There is a further defect, also already disclosed. The new compromise is inefficient. Socialism is *necessarily* inefficient only in its beginnings. In the long run, a

State transport system or a State iron-and-steel industry would probably acquire a reasonable degree of administrative efficiency, and even economy, just as old departments of the State like the English Treasury and the India Office acquire a curious, vicarious, but very real experience and intimacy with the problems with which they deal and a very powerful tradition of disinterested service to the public. The superimposition of controlling 'boards' and 'commissions' on the structure of private enterprise has, however, been clearly proved to provide the worst of both worlds: interference without responsibility and a high cost without even the dubious benefits of 'intensive' organization. The result has been, in every industry submitted to State regulation, a constant addition of new 'boards' and 'commissions' to regulate and co-ordinate the work of other boards. In a short time, the chief object of each of the different boards becomes the maintenance of its own power, and the smooth working of the boards, not the smooth working of the industry itself, becomes the end of the co-ordinating authority.

But if these lessons have been learned, there is a political objection to the new system which is not yet generally recognized, but which is certainly the gravest of all its defects.

As a mere bureaucracy the new bureaucratic system cannot and will not stand, and none recognize this more clearly than its prime originators, the new aristocracy of the pen and the desk, who see in it, nevertheless, the road along which they can mount to heights of power undreamed of by any of the old aristocracies of the past to the point, indeed, where they are enthroned forever on a mountain of paper beneath which lie buried the whole hopes of mankind. Their method, of course, is an alliance with organized labor. Just as the magnates of the industrial age coalesced with the old landed aristocracy as the price of power, so the new aristocracy of the

clerks is ready to make terms with the aristocracy of organized labor, to divide the spoils and rule alone — at the expense of the consumer. Hence the passion for monopolies which fills the heart of every bureaucrat. The classical instance of this alliance is the London Passenger Transport Board, which exercises an absolute monopoly over all forms of transport in the most highly populated area in the world, in the interests of the shareholders to a strictly limited extent, and of the employees of all grades first and foremost.

This is not even an unconscious process. It is a deliberate political program. The English Labor Party, though calling themselves socialists, are not preparing the nationalization of the means of production, distribution and exchange. Their program is the nationalization of what they call the basic industries: railways, shipping, coal, iron and steel, cotton, and possibly agriculture. These industries are no longer basic in the sense that the prosperity of the country depends on them more than on other industries and activities. Some of them are actually dying industries. They are, however, the industries which employ the greatest aggregates of highly organized labor and the evident intention of the Labor Party is to place these industries on the taxpayer's back, offering the shareholders a minimum, but secure, return on their capital, and to those employed in them a high, subsidized, and guaranteed standard of life. It is quite impossible to say how many such subsidized and privileged industries an industrial nation like Great Britain could afford. It is therefore impossible to say how long such a system could endure. There would inevitably be a constant pressure from the unsubsidized industries, and also from many of the unsecured financial interests, to bring themselves within the magic circle of easy money. The solution of the riddle can only be guessed. It is possible that such a system would prove only a very temporary halfway

house to socialism on the Russian plan, which, after all, is nothing more than socialism logically applied. It is at least as probable that it would provoke that characteristic reaction of the unorganized individuals and interests (who, even today, constitute a majority in every state) which is known as fascism. Fascism, however, is not a creed, but an act of revolt. It answers no problems.

The recent election in England may seem, at first sight, to prove that neither socialism nor fascism is a very powerful political force in that country. But the facts are the other way. The Labor vote of 8,500,000 was the highest in history; and on a poll of 21,500,000 the government majority in votes was well under 2,000,000. The next four years may either see a steady progress under the National Government toward socialization, or, if they adopt a negative program, the next election may give the Socialists an absolute majority. The alternative possibility is that we may well see the beginnings of a move toward a society based on a wider distribution of real property. In France and Spain, the strength of agriculture will long resist socialization, and the return to economic self-sufficiency must in its turn strengthen the already formidable political predominance of the country over the town. That is the hope, too, for England, where agricultural interests still exert a political influence disproportionate to their present economic importance. In the fascist states the issue is as undecided as it is in England, but the tendency is perhaps more strongly toward an active redistribution of property, accompanied by vigorous insistence on efficient management. The big land reclamation and settlement schemes in Italy, and the even more interesting industrial land-settlement schemes in East Prussia (where State factories are being run in conjunction with privately owned small holdings), show this tendency at work. On the one hand, the active development

of native resources in the most scientific manner; on the other, a determination to preserve the realities of economic independence.

It is no part of my task here to prophesy the ultimate result. I have been concerned only to tell the story as far as it has gone. Finance-capitalism is dead. The movement toward economic self-sufficiency will not, in the present age, or in the future (unless new conditions supervene), be peacefully arrested. The League doctrines of self-determination and non-intervention challenge by their implications the only possible alternative to the principle of self-sufficiency: that alternative is an internationally controlled European society planned to the artificial and unnatural end of preserving the old volume of trade by arresting the process of industrialization and removing tariff barriers. As things are, first the war, and then the peace and the League, have immeasurably speeded up the march to self-sufficiency, and left the world face to face with grave problems of readjustment. These problems in their colonial aspect concern immediately Japan and Italy and will inevitably arise in connection with Germany and Poland from the mere pressure of population. Economic readjustment will be forced on England, and this in turn will have widespread repercussions, particularly in South America. Any attempt to delay, still more to prevent, the necessary measures of readjustment, either through the machinery of the League or by financial or political pressure, whether centered in London, Paris, Washington, or New York, will lead inevitably to war. The problem must be faced realistically — possibly even with a little cynicism. If the salt loses its savor, wherewith shall it be salted?

The repercussions of self-sufficiency on the historic-social and political forces of European society are already at least equally marked. On the one hand, the economic need for intensive specialization, for mass

production and standardization, have gone with the collapse of finance-capitalism: the necessary subordination of politics to economics, of social well-being to the needs of bare existence, is a thing of the past. On the other hand, the powerful political and financial interests behind the existing structure of monopolistic capitalist mass-productive industry will not surrender their privileged position in the economic structure of Western Europe without a struggle, and will make ready terms with socialism in exchange for subsidies and guaranties. Either the free and independent producers and the agricultural interests will coalesce and secure themselves against the march of collectivism by ordinary political means, or they will be forced, in order to escape from the burden of carrying the subsidized and controlled privileged industries on their backs, into an act of revolt. In no case will the privileged industries and interests remain privileged. If they win the day, or survive the revolt, the march toward the completely socialized state will continue. It can no more be arrested at the point where it is convenient to organized labor and the banking interests than the process of world industrialization could be arrested at the point where it suited English, French, and American financiers. In other words, the European scene shows clearly that the collapse of finance-capitalism necessitates as clear and drastic changes in the social and economic structure of the different nations as it does in their international relations and responsibilities. The compromise of State capitalism has failed with the need for drastic readjustment directed toward self-sufficiency. It demands for its working a degree of inequality between man and man which is quite incompatible with even a partial assumption by the State of responsibility for the economics of industry. State action or planning on a large scale will for a long time continue to be necessary, and such action, if it is to produce anything but chaos, must take as its goal either the

preservation of property widely distributed under proper safeguards or the total abolition of property. The one fatal development would be the growth among the old industrial powers of a competitive economic nationalism based on the subsidization of their own exporting and mass-productive industries and the denial to the more recently industrialized states of a chance of new markets or new colonies.

Such a decision would mean a world war, but it could not be taken without at least the tacit consent of the United States. Many in Europe regard that certain fact as their one insurance against such a futile catastrophe. Perhaps there may be some in the United States, who, for their part, regard the clear warning which Europe has given of the inherent instability of bureaucratic State capitalism, and of the political dangers inseparable from any attempt to preserve it by subsidies, as an insurance against any attempt to develop the system in their own country. Europe too should provide another lesson, which is that the old and tried forms of government are not necessarily the most easily adapted to the needs of an age of transition. The governments of Fascist Italy and of National-Socialist Germany have shown, however ruthless their methods, a greater appreciation of the realities of the modern problem. Democracy will only be saved if it can learn, if necessary from its enemies, that the only possible foundation of liberty is property, and that a nation or a continent which attempts to keep one part of its people in economic subjection to the other part will, in denying liberty, provoke war. Self-sufficiency cannot be limited in its application to sovereign states. It is necessary in some measure to the health and dignity of every community.

Part Three

Small-Town Middle-Westerner

WILLIS FISHER

I

I WAS born and brought up in a small town in the Middle West, and I am glad of it.

I do not look back upon my life in London, Ohio, as a lost Paradise. It was no Paradise. Nor is it lost: things are not lost, nor have time and change quite taken them, while they are loved in remembering. Besides, I am still a certain kind of small-town Middle-Westerner. I do not think of myself as one escaped from bondage. My life feels continuous to me. What is in it goes back to London, where the roots are.

That I do not now live there, or in some other town much like it, is due less to preference than to drifts and decisions following 1917, when, in line with a human tendency toward confusion in such matters, we decided to listen to our great men and shoot at the Germans. A man free to starve if even mildly unlucky must learn his trade where he can, and follow it where opportunity offers. Perhaps I could not live there from now on with much satisfaction. That is nothing to brag about, however much the town has changed.

Changed it certainly has since my time there, the last twenty years of the horse-and-buggy era. Men have learned to travel farther and faster, though on errands not conspicuously improved. This, I believe, is called progress. But this progress, this gaining a little at the cost of a great deal more, seems in a fair

way to destroy something worth keeping, if we can keep it: the small-town democracy of a betrayed and dying America.

It was not a perfect life; it had the defects of its qualities. But for the common man, in his capacity as private citizen — the only test not either stupid or sinful — it was a good life; better, I believe, than any other, before or since. It may be true, as some say, that it cannot be saved before it dies — it is not dead yet — of our own stupidity and the leadership of our great, wise, and good rich men.

If we are to build democracy — if we are not to drift into some witless hell of fascism, or wall ourselves in with a communist State in which we shall be free to do exactly as we are told — we must face a future full, among other things, of small towns.

That prospect, for some reason, seems disturbing to most people of the kind who are given to referring to each other as intellectuals. Their horror I do not share and find hard to understand. It cannot be due entirely to Sinclair Lewis, for many of them seem to have transcended admiration for his excellent novels. A few have never lived in small towns and are to be accounted for as persons insufficiently inhibited from comment by lack of information. But many, indeed most, of them are in a position to know better. Why are they in such full flight from their native Main Street, as from the chief thoroughfare in hell? Can the neighbors have been that much too much for them? Is it not at least thinkable that a small-town economy might be an excellent thing for a nation, though at the same time a given small town might not be the ideal location for a given young artist or intellectual? If such persons must have a place to go where they are safe from the neighbors, could not that be arranged without building larger and larger cities, at the price they ask from millions of people who are neither artists

nor intellectuals? Are not these artists and intellectuals functioning now only because they are not noticed by the men who have built their cities of refuge? And if the walls crack and the roofs come down, as there is some rumor of their doing, where will the artists and intellectuals go then to avoid the neighbors?

But these are high matters, beyond the range of present intention. As a man with some experience of being a very private citizen in the small-town atmosphere and in the area dominated by New York City, I shall try to explain why I am not sorry that I was born and brought up in a Middle-Western village, and why I intend to retain for myself and to encourage in my children the small-town view of life which I believe is the right view; for which I might fight, but would certainly never apologize.

II

London, Ohio, lies near the middle of the State, in flat farm lands slightly scarred by quiet streams — Deer Creek, Oak Run, Little Darby — which feed the Scioto. Always on the horizon there are trees. Between the mist of spring and the haze of the fall of the year you may see daisies in the blue grass, or fireflies in the corn at nightfall. You may smell the growing corn of hot nights, and the red clover. The dust from white gravel roads powders the ironweed and the stake-and-rider fences as summer wears on. The yellow water lilies grow in the quiet place this side the bend in the creek, and the white sand boils up in the bottom of Coniac Spring — a name which proves some carelessness in spelling and embalms a trace of history. There is wind and snow in winter. On July and August afternoons the sky darkens into thunder and quick rain, which is good for the corn.

Because the town is small, you are never far from

such things there; and you may come to care for them. If you do, you will find that you cannot live in peace without them. They are things of small account to Progress and the State. But some men have loved them; some men have died in the Wilderness and in the Argonne Forest with these things, among others, in their minds. These things, bent to the unsuspected purposes of the great men who think that they own America. What you love, you will fight for.

Unless, of course, it is money, in which case you will probably incite simple men to get it for you. This you may do with safety, so long as you leave them something they can love enough for them to care when you lie to them, saying it is in danger. But you must be careful to leave them something; a very little will do. You must also be careful not to let them see what you are doing. That, in the long run, may not prove easy. Easy or not, it is little to be proud of. Indeed, greed and theft and deception are things which in London, Ohio, some of us were taught, at home and by a 'decadent Puritan clergy,' to regard as wrong, however profitable. The tendency to think that way did not die out with the horse-and-buggy era. Small-town men of the Valley may yet insist on judging their economic system by its justice rather than by its prosperity. The danger, of course, is that in such a frame of mind we may again be misled into freeing our neighbor's slaves instead of our own, or into making the world safe for what we are getting instead of democracy.

All of which is not so far afield from the Ohio countryside as it may seem. A man's flag should be the symbol of his own back yard. A small-town man may learn to love the wind rustling the tall corn, or the sunlight and shadow of a quiet street, in a way which makes them part of him wherever he may go. These, with the people he has known and cared for, may be what he has in mind when he says he loves his country. I can't

make any sense of his meaning anything else. I cannot imagine feeling that way about Mr. Rockefeller's money, the power trust, or Mr. Ford's beneficent factory.

III

In one sense, London, Ohio, has no history. Since 1810, when it was founded, nothing has happened there. Nothing, that is, but birth and death, and the strange tissue of dark and bright which men weave to fill the interval. No Londoner has ever managed to attract any of the world's attention. That the town has been the breeding ground of no great men is not perhaps to its discredit, considering what sort of place the great men of the earth have been making it for the rest of us lately.

History of a sort the town has, however, much of which I have read in the files of *The London Times*, a weekly for which I used to work in the summers. It was a pretty bad paper, I suppose. But I didn't think so then, and I like to remember the feel of dropping type into a stick, the shake of the floor as the old flat-bed Hoe press ran off the last form, the office jokes and arguments in the rush of folding the sheets by hand, sticking on the labels, and carrying the papers down the alley to the side door of the post-office on Second Street, next door to the fire-engine house where... But all of that is another story, part of a kind of life at first-hand accessible to a boy in a small town in Ohio.

I was speaking of the files. One thing, among others, emerges from a study of them. As things got bigger and better everywhere, the local papers grew duller and duller. As interest in personalities faded, the flavor of personality in writing went with it. One could measure the approach of Progress by the loss in vitality of

the editorial page, which disappeared about the time Progress caught up with us. The papers of even the seventies and eighties reflect a life which was in a sense narrowly provincial, but not dull. It had vitality and color. The minds one sees in it were small-town minds, but they had edges. After the turn of the century there is perhaps more information, less prejudice. But life, as you read of it in the papers, seems duller, remoter. We were losing our small-town characteristics, ceasing to express our own opinions, ceasing to form them.

It was during this same period that control of things, or the feeling of possessing control, was passing away from us. Our plans were subject to change from more than such familiar acts of God as the weather. We owned less and owed more; and as the industrial machine reached out to take us, we began to lose the feeling of first-hand responsibility which is the basis of self-reliance.

If the small town today is dead intellectually, it is because it has ceased in a certain sense to be a small town at all. It has almost lost its identity. In becoming so much a part, it has forgotten how to be a whole. As issues grow more complicated, they grow vaguer in men's minds. As the power piles up in New York and Washington, it is harder to see the relationship between how it is used and one's own life; harder to size up the difference between the avowed intentions and the actual purposes of the men who use it. Wherein lies the great objection to communism: not that it proposes to end the existing travesty of democracy, but that it intends a State so gigantic that no one can understand it. Things must be small if you are to grasp them.

Perhaps, as some men say, it is too late to do anything but try to make the inevitable Colossus as wise and kindly as possible. I do not believe that. In the long

run we shall get only what we ask for. We have, after all, been asking for what we have now. Perhaps it would be well to consider asking for something else, instead of shouting that further progress into folly is inevitable, and that we must learn to like what we hate by making it more hateful.

IV

Over the state of the arts in the small town there has been much lamentation.

Now it is true that few small towns harbor universal geniuses, or support a symphony orchestra or a grand opera company. But universal geniuses are scarce, and even New York City is none too generous with its Philharmonic. The kind of art which becomes a part of life forever is produced by a certain highly specialized kind of man, who comes into being once in a while as the result of genetic coincidences too complicated to unravel. He is sometimes more than a little mad, and always remarkably energetic. I doubt that a small town, or even a large one, can put him down, short of shooting or starving him. How much harm did Sauk Center do Sinclair Lewis? Perhaps every small town in the Mississippi Valley now contains a mute inglorious Milton, gagged and bound by local clergymen and Rotarians. Again I doubt it — if only because, as someone has said, the one sure test of a Milton is that he is neither mute nor inglorious. Furthermore, it seems a little presumptuous to attempt to plan a society for the production of geniuses. No one knows how to make it, even if it were desirable; and the geniuses, once we got them, would be almost certain to dislike it.

But there is another aspect of art which demands consideration. It is good for men to do things for themselves, whether or not the result achieves the accident.

of immortality. Chesterton was right when he observed that if a thing is worth doing at all, it is worth doing badly.

Do things some of us certainly did in London, Ohio; badly, but without let or hindrance. A part at least of our culture was home-made. If you wanted a thing, you did not always save up your money to buy it. Sometimes you made it.

Our canoe, for example. Chubby Burnham, Dewey Culp, Sprouts Placier, Bill Farrar, Peahead Rankin, and I wanted a canoe to navigate the shallow waters of Deer Creek, three miles east of town, where we used to camp among the cattle in Luke Smith's pasture land, and there create in our minds and hardily endure the perils of the wilderness. None of us had ever seen a canoe. We didn't even have a handbook. But build one we did: a strange craft of oak and barrel-hoops and painted canvas. But she floated. Indeed, for more than twenty years she was hauled out of one barn or another to serve the seagoing impulses of small boys who came after us. A bad boat in almost every sense; but first-hand, however awkward and unseaworthy.

We built the boat because it seemed to be the thing to do at the time. To me, as a certain kind of small-town Middle-Westerner, it still seems a good kind of thing to do. I make my own wine from my own grapes today. I designed, and with my own hands built much of, the house I live in.

But building a boat, it may be objected, is not one of the fine arts, and it is the fine arts which languish in small towns, even in unskillful performance.

In both cases, stuff and nonsense.

Mrs. Dodds, who painted pink roses and other forms of vegetable life on china utensils intended for a surprisingly wide range of uses, at least did it herself. The Indian heads and Gibson girls scorched into leather which took prizes at the Madison County Fair were

maiden efforts, not boughten. What happened when the London Silver Cornet Band worked out on 'The Stars and Stripes Forever' might grieve the sensitive, but it was not achieved by turning a knob. When Matt Horen, organist for the Catholic Church and owner of a music store, as we called it, wrote the song for the centenary homecoming festivities, he at least did his own swiping from Schubert, and people seemed to like it. When, after seeing three plays — *Uncle Tom's Cabin* and *A Lady of Lyons* at the Opera House, and Mantell's *Macbeth* in Columbus — I wrote the Commencement play the year I graduated from high school, I committed bad art. But I did it myself; and author, cast, and even audience got a lot of fun out of it. What is art for, after all, if it is not to be an extension of life for the artist, and not too hard on the bystanders?

As a certain kind of small-town Middle-Westerner I shall continue to maintain that the London Silver Cornet Band unfurling 'The Stars and Stripes Forever' in their own way were doing more for art and less for irony than many dowagers and débutantes oh-ing and ah-ing over an exhibit of Van Gogh.

V

Another thing for which I owe thanks to my years in London, Ohio, is the experience of what democracy feels like.

I am well aware that before my day America had already betrayed Mr. Jefferson — not altogether, it may be, without his own assistance. If we had not quite sold out to our captains of industry and porch-climbing, we had at least given them an option. But that was not known in London when I was a boy; indeed, it is none too clearly seen there at present. We were still living under the impression that how a man made his living, or how much of a living he

managed to make, was less important than what kind of man he was.

When school let out for the summer, you got a job, if you were old enough. There always seemed to be jobs of a sort. I do not know what that involved in terms of the balance of the village economic system; but I do know that it was good fun, and that I am glad not to have missed it. Among other things, I drove the delivery wagon for a feed store, worked around the water plant, sawed and hammered with a gang of carpenters, ran a candy, corn, and peanut stand at the county fair, and swept out, set type, wrote copy, and even learned to feed the big press, in the office of *The London Times*. All of which was quite typical.

These labors did little to advance Western civilization or to make my fortune, but they have been of some benefit to me in my capacity of private citizen. I learned that people are much alike, but also amazingly different once you come to know them, as you will if you work either with or for them. I observed that the virtue of a man does not lie in his grammar, his clothes, or his behavior in the presence of food. I got the feeling that all men who work have, in that very fact, so much in common that if they make a virtue of the color of their collars they are betraying their own interests and — which is much worse — their own dignity. I learned why there are labor unions, and why the man is up to no good who opposes them. I have discovered since then no reason for altering those small-town opinions.

At the end of my first year in graduate school at Princeton I was broke, as well as somewhat bored with footnotes. Following my small-town pattern, I got a job as ship carpenter's helper in the yards of the New York Shipbuilding Company at Camden, swinging a sledge and carrying things. Our gang's job was to shore up ships against the strain of launching — that back-

breaking upthrust on the stern as it takes the water with the bow still on the ways — a strain which the ship, with luck, will never again encounter. It was a good job, and a good gang. A week before I left, old Scotty, the foreman, told me that if I'd buy some tools and join the union he'd get me rated as a ship carpenter.

I came back to Princeton proud of it, and feeling sure that you've never been anywhere or done anything until you've been down under a big freighter at her launching, with the sledge men or on the battering rams, knocking out from under the keel the blocks which keep the ship up off the ways. You sweat like hell, and look out sharp for your head and the other fellow's, for there isn't much light and the air is full of things which are heavy and move fast. You clear out and stand aside. You watch the men on the crosscut saws which tear through the great oak timbers which hold the ship from slipping. The last inch or two of oak pulls out like a rope breaking, and the great hull eases itself down into the water. I shall never forget that — that, or the surprise and sorrow with which I heard, back in Princeton, that it was awfully hard luck to have to spend a summer that way. The exercise, of course, was good for one, but the associations must have been a trial. The point of view was new to me, and I didn't like it. I don't like it now, for I am still a certain kind of small-town Middle-Westerner.

In London, Ohio, my father's closest friends were an Irish drayman, a banker, a moderately well-to-do farmer, and the engineer in the local water plant. I never noticed that he treated, or even thought of them, differently. More accurately, his relationship with each man was based on nothing but a sense of the other man's individual characteristics. He took men as they came, judging each by what he proved himself to be at first-hand.

And that is my feeling for democracy.

VI

If we are to have democracy at all, it seems obvious that we must have a State populated not by anonymous economic units, but by men and women who can know, and be known by, one another. The anonymous man is in a sense no man at all. That is one reason why he tends to become the forgotten man. The man known only by hearsay and distant rumor is a monster.

But knowing men well enough to judge them involves living with them in a closeness of contact whose perfection is sometimes marred by the qualities of human nature. When you come to know your neighbor, you may not like him. He may even go so far as not liking you. Granted a certain robustness of nature, that state of affairs may be a source of pleasure to both. There are always people whom it is a privilege to dislike — a privilege one would miss by not knowing them.

'The chief trouble with a small town is that everyone knows everyone else, and everyone else's business.' How often one hears that statement, usually as the final argument, the ultimate damnation! It is perhaps worth examining.

In a small town, it is true, everyone does in a certain sense know everyone else, and even to some extent everyone else's business. It is interesting to compare that fact, in passing, with the sense of awe before the mystery of other human spirits which broods so notably over men and women in the streets of New York City; with that delicate dislike of intrusiveness which ennobles Walter Winchell's public; with that happy freedom from snooping which adorns the life of Henry Ford's happy workers. But the objection is too important for such evasion, nor is it enough to point out that most people are curious, and all neighbors potential nuisances. These traits of human nature do most undeniably come into fuller play in a small town than elsewhere.

Small-town people, however, vary considerably in the amount of attention they devote to each other. Some of them are snoopers and gossips; some, but not all. Some have only a mild and fitful interest in even the misdeeds of their neighbors. Some are too tightly shut up in private worlds of their own to be vividly conscious of anyone else. Some have even a lively sense of the distinction between their own affairs and those of others. Such men and women are rare anywhere, and perhaps a little difficult to explain satisfactorily on the basis of the size of their communities. I doubt that anyone knows the relative percentages of such persons in small towns and large cities — or of the other types, for that matter. As to everyone's knowing your business, it is surprising how much of that you can avoid, in small towns or elsewhere, by keeping quiet about it. I did not find my life in London, Ohio, marked by any particularly widespread public interest, oppressive or otherwise. I am sure the neighbors annoyed me far less than I did them. What they gained from knowing me is, and sometimes was, open to question. What I gained from knowing them I am grateful for. Lest I be misunderstood, it is well to add my belief that the maxim 'To know everything is to pardon everything' is probably the silliest remark on record.

Of course the chatter of busybodies, or the strong threat of having much unwanted good done you, may create an atmosphere intolerable to a certain kind of person. He escapes to the anonymity of the city, not always over the protest of the neighbors. Perhaps he is skillful and lucky enough to accomplish there what he has on his mind — writing a novel, say, about the horrors of life in a small town. Then, and quite honestly, he will argue for the blessings of urban anonymity, particularly if favorable notices from the reviewers are to some extent depriving him of it. But can he, at best, prove anything more against small towns than that one of them was a good place for him to get out of?

If you form your opinion of small-town life solely from his novel, you may think of it as a dingy huddle of dolts and sadists, stirred up to mean deeds by Methodists and Rotarians, and from time to time emitting fiery particles in the direction of Greenwich Village. But not every boy leaves home just to get away from it. Young men and women who leave small towns are usually traveling toward, and not away from, something. You cannot learn bio-chemistry in the high-school laboratory. You cannot go to sea without leaving Nebraska.

Perhaps, too, there is some truth in the theory that it is not strength but weakness which drives the intellectual or artistic type of man away from Main Street. It is not always easy to stand up to the neighbors, especially if they are given to being vital at the wrong times and about the wrong issues. It is no sure mark of genius to be misunderstood, nor is moving on quickly when challenged the sign of a very robust virtue. Perhaps the feverish thinness, the lack of real laughter, the out-on-the-end-of-the-limb intellectualism of so much of our recent literature are signs of the protective sophistication of the man who 'can't take it.' Perhaps not; but it would be interesting to have more literature — we already have some — from men and women mature enough emotionally to encounter human nature at first-hand, away from the reassuring warmth of like minds in a close huddle.

However all that may be, one thing is certain. The intensely personal atmosphere of the small town, the necessity of meeting close up the judgment of your neighbors, does tend to place a limit on the amount of harm you can do. Which, human nature being what it is, is at least something. If you swindle your neighbor in a horse trade, it is pretty sure to get around; and your reputation will suffer. You may even have to fight it out with him in the alley. But if you are a captain of

industry, you may swindle a million men, without ever having to face one angry victim, or even hear an adverse comment. You are away from all but men of honor like yours, or hired and subservient neighbors. You are remote, impersonal, and not to be called to account, which is not good for your soul. If you are great beyond the range of small-town stature, you may have the power of life and death over thousands of men you have never seen. That is not good for them, nor for you. You may find it easy to order other men to do what you might not be brave or bad enough to do at first-hand, in person. It was not Henry Ford who shot men down on Bloody Monday in March of 1932. It was not Herbert Hoover, rugged individualist and commander-in-chief of the army and navy, who led the troops to victory at Anacostia.

Hardly!

VII

The small town, and particularly the small town in the Mississippi Valley, is alleged to be hopelessly under the domination of Methodist, Baptist, and Presbyterian clergymen more noted for noise and zeal than for wisdom or Christian charity, and of such auxiliary troops in their war against fun and Satan as the Epworth League and the Wimodaughsis Society. From their influence arise grave dangers to the State, such as prohibition, anti-evolution laws, Sunday-school picnics, and the discouragement of adultery.

Now the plain truth of the matter is that these men do not dominate the small-town life of the Valley. They do not dominate anything. Such power as they have comes from acquiescence, not leadership. I have never met a small-town clergyman who was half as sure of himself as even a small-town banker. The trouble with these men is not that they are fanatics single in the service of their God, but that they are not. They have

livings to make and children to educate; debts on churches to pay off; money to raise for altering all sorts of heathen. If, under the stress of such burdens, they have erred, it has been in the direction of toning down their fanaticism and centering their attention on raising money. The fault of the divines of the Bible Belt is not that they worship a savage bush-league Jehovah, but rather that they have sold out even him to the religion of success, to the elevation of our great wise and good rich men. Their very violence against the sins of the flesh is only a compensation for their failure to be sufficiently violent against the deadlier sins of avarice and arrogance. But how many clergymen, small-town or metropolitan, American or foreign, Catholic or Protestant, are unspotted with tar from that brush? In what happy land and era has Christianity been free from that kind of betrayal? When and where also have there not been honorable exceptions?

One at least, for a time, in London, Ohio — a gentle old man with much first-hand knowledge of human nature, and that kind of sweetness which is not soft, but more like good steel or the music of Beethoven. It is true that he was a Prohibitionist, inciting me, among others, to march in 'dry' parades before Beal law elections, singing 'Touch not, taste not, handle not the DREADFUL thing,' and other strange war songs, off key. But it is also true that the only fierce sermon I ever heard him preach was directed against a filthy anti-Catholic publication called *The Menace*, which got about quite extensively in the Middle West in pre-war days. Once, when I was a senior in high school and president of the Epworth League, I advanced, with adolescent earnestness, the theory that evolution shows that man will steadily progress until at last he is divine. I was immediately denounced at some length by a superannuated minister in the audience; not on the obvious ground that I was an ass, but because I pro-

faned the house of God with talk of evolution. 'My boy,' said the minister to me after the meeting, 'I want to ask you two things. Do not think too hardly of Brother Marsh. He is an old man and has old-fashioned ways of looking at things. And do please keep the paper you read tonight and read it again ten years from now. You see, you are both wrong.'

One swallow does not make a summer, of course. Nevertheless, I mention these things to show why, although I have not been inside of a church for years, I cannot quite agree with Mr. Mencken about the Protestant clergy. However much they may have erred in the specific application of first principles, the first principles they do still insist upon. Earnest and more or less ignorant men are still preaching, among other things, that theft and oppression are sins against man and God. It is true that, with all of Protestantism, they have tended to regard wealth as too sure a sign of the grace of God, and they have wasted their ammunition on trifling issues. Their influence, at its worst, represents no very powerful menace. William Jennings Bryan was, I suppose, a pretty fair sample of what you can expect from it. He was not particularly impressive at Dayton, Tennessee. But in all fairness one should remember too his record in Washington in the months before we entered the war. And there, product of the Bible Belt as he was, he showed up quite as well as Page in London, or Wilson later at Versailles.

At any rate, these evangelical clergymen are insisting that there is a difference between right and wrong. It is useless to expect from them leadership toward an evaluation of our economic system in those terms. They do not lead, they follow. But if the leadership for them were to appear; if they could be taught how much more our world is like hell than heaven, they would in all likelihood do as well as any group in the general population. For they do still believe in right

and wrong, and in these times that is the prime distinction.

The Bible Belt may yet surprise Mr. Mencken. Unfortunately, that surprise may take a form surpassing his wildest dreams — a fascist nightmare. Which way will our national violence turn, if roused? Will we gallantly call out the American Legion to cast down one communist from his high place on the soapbox, or more sensibly turn our attention to the great, wise, and good rich man who made the soap — if you can call it soap, considering what is probably in it? No man knows the answer to that question; particularly no man who knows the Mississippi Valley.

In such towns as London, Ohio, right now there are two schools of opinion. One holds that our truly great Americans have been our Huntingtons, Hills, Harrimans, our Morgans, Mellons, Fords, du Ponts, and Rockefellers. The other holds that if that is true, we should at least round out the list with our Benedict Arnolds, our Al Capones and Dutch Schultzes. There is one complaint that we do not send our big business men to Washington; another, that we have not sent enough of them to Atlanta.

In London, Ohio, I heard last summer two interesting expressions of opinion. One was that we should stop tinkering with things, get the Government out of business, suppress the labor unions and 'all these reds and radicals,' and return to Rugged Individualism and Free Competition. The other was that there is no hope until the Mississippi Valley secedes from the East and begins to work out its own salvation.

Both of these men were Republicans. The minds of both were confused and not overcrowded with information. The first, who wanted the Government to let business alone, expected it nevertheless to make and enforce laws against labor unions; and he considered a high tariff a fine thing, because it protected the worker.

The second, whose grandfather came back in a box from Antietam, believed that the secession of the Southern States was justly put down, because slavery was wrong. This time secession would be right; we should only be fighting for the right to manage our own business!

Out of such confusion, when things are desperate, almost anything may come.

What the small-town Middle-Westerner could accomplish in the direction of fascistic tyranny he has already hinted, in the days of the Ku Klux Klan. Like any other man, whether in New York, Italy, or Russia, he is capable of falling into error which will lead him into mass action of unspeakable cruelty. He can be wrought upon to defend his own inner doubts by suppressing all differences of opinion, to take out his own dissatisfaction with life by finding a scapegoat to punish. But such traits are not uniquely Middle Western. They are the characteristics of men everywhere when made desperate by insecurity. You cannot prevent them unless you remove their causes.

Taking him by and large, the small-town Middle-Westerner is a decent fellow. You can depend upon him to do the right thing, once he really understands the situation. He does not understand it at present and has for years been aiding and abetting his own betrayal. Suspicious of 'foreigners' and the East, he will not accept enlightenment from the communist. He still believes in democracy. He does not know that he has not got it, that it must be built if he wants it. He does not know what Henry Ford's heaven in Detroit is like for many of the people who have to live in it, nor does he suspect the way of life of the Southern tenant farmer. He is being told that all is well with the world, or so nearly well that everything will be all right when he turns out the Democrats and puts in the Republicans, or vice versa.

He can yet be informed, and set to work rebuilding

democracy. Two things, at least, would help. One is a little less superciliousness on the part of those who have more information. The other is the miraculous appearance of a national political leader with honesty enough to tell the truth — all of it — and courage to ask for justice, which is not quite the same thing as prosperity.

The Small Farm Secures the State

ANDREW LYTLE

FOR the first time since the great war of the sixties there is official political recognition that agriculture must have equal consideration with the other powerful interests. This is a step toward a sensible political economy. It is a return to older policies and natural alliances. Mr. Roosevelt, better than all those in authority now, unless it is Senator Bankhead or Secretary Wallace, recognizes this. In his Chicago speech before the American Farm Bureau Federation (December 9, 1935) he says that it is 'necessary to bring agriculture into a fair degree of equality with other parts of our economic life. For so long as agriculture remained a dead weight on economic life, sooner or later the entire structure would crash.'

This is true; it has always been true; and, as long as man may hunger, it will remain true. For agriculture, to paraphrase another great ruler, Napoleon, is the life of the people, industry is its comfort, and commerce its luxury. When this relationship is upset, we must expect the mechanics of civilization to come to a dead stop, as they did on March 3, 1933.

To recognize agriculture as a great business interest, trading its commodities for the goods and services of other interests, is a policy the soundness of which cannot be questioned by rulers who have the common well-being at heart. But this policy does not go far enough.

Agriculture is a limited term. A better one is *farming*. It is inclusive. Unlike any other occupation, farming is, or should be, a way of life. Its business side is important surely, and in the modern world it has reached a degree of consideration never before seen in Christendom. Perhaps this is inevitable. But it is also inevitable that the State, to endure, must have internal security; and this security is best maintained when its citizens have a stake in the commonwealth; and the lasting kind of stake is property, and the most durable kind of property is a small farm.

There are many reasons why, from the point of view of a stable society, the small farm is necessary. It is the norm by which all real property may be best defined. The basis of liberty is economic independence. And in what other occupation is there so much independence? The man who owns a small farm has direct control over the life-giving source, land. The three prime necessities, food, shelter, and clothing, he may command because he has a small inexhaustible capital. The fact of possession gratifies his sensible demands, and because of the nature of his occupation his home and his living are combined in the same physical surroundings. Since the family's living is made by the family for itself, the small-farm economy, unlike the larger commercial farm, has less to do with the forces of trade. And yet it shares in the general practices of the trading world.

It is a form of property, therefore, that the average man can understand, can enjoy, and *will defend*. Patriotism to such a man has a concrete basis. He will fight for his farm in the face of foreign or domestic peril. And if a man has nothing to fight for, he has little to live for.

The kind of farm which must be kept in mind is not the amphibian of Mr. Henry Ford, where the family works part of the time in the factory and part of the time on the land. Such an arrangement is industrial.

It is an attempt to better factory labor's condition, and as such there is much to be said for it. But it is not farming. Nor can the subsistence farms being established by government agencies, such as the T.V.A., be rightly called farming. A bad odor attaches itself to the word *subsistence.* It implies a lower standard of living in relation to what an American might be expected to demand. It has many of the marks of a desperate and temporary expedient to be indulged until the industrial mechanism of the country becomes readjusted to the 'highest standard of living the world has ever seen' of the twenties. Indeed, it is a form of dole. This is said in all due respect to those experiments which are proving themselves in many ways successful. They are a move in the right direction, but how timid and coy are their steps! And this is because the people responsible for the experiments have chiefly the commercial aspect of farming in mind: the swapping of the goods of the great industries for their mutual benefit. As has already been said, this parity between agriculture and industry is fairer and better than the old relationship when the earth and its cultivators were the contemptible but useful sources of a legal peonage. But it fails to recognize that too much commercialism has bankrupted agriculture and deprived farming of its freedom.

Our hope for the betterment of country life demands that these casual experiments be turned into a real offensive. And the offensive must be carried on primarily by those of us who live upon the land, well supported by our Government. Any life which has the vitality to endure must move from the *inside out* and not from the *outside in.* The moral and spiritual centers of a way of life will decide what kind of house, for example, a man will build for himself, how he will conduct himself in all his relationships: they will, in short, determine the cultural values of the community. These cannot be brought in as 'uplift.'

Let us look at the proper sort of small farm, a plain man's home and the good citizen's seat. A type will be aimed at, but with the understanding that where farming is concerned, there is no type. Just as liberty presupposes equality of opportunity and inequality of function, so does farm life expose wide differences. This is its chief virtue; and this makes for its stubborn resistance to regimentation. It is the agricultural corporation that sacrifices the security and the benefits of country living for the factory method, the money crop, the bank lien, and, inevitably, the sheriff's sale.

Let the real farm be called, for the want of a more descriptive name, the livelihood farm. The word is old and in good standing. It goes far back in the history of our common culture. Livelihood: to give the means of living. But what is it to live? It is to eat surely, but is that all? The economy of modern times — and how short and modern they are when we relate them to the centuries which enclose Western culture — has assumed that the greatest good lies in the alternate stuffing and purging of a man's belly. Well may a hearty meal seem to the hungry the whole purpose of living. But famine and want, except as occasional features, do not appear in a healthy society. And surely it is the healthy society that the great body of Americans would like to see again. For what is health? When we are sick, we know what it is. When a man is abed, all his natural action is stopped. He cannot eat well; he cannot work. His senses live on a fever. He cannot move about as he is accustomed. And when society is sick, all things are out of joint.

And when we are sick, what do we do? We look for somebody or something to make us well again. Sometimes we are desperate and we listen to quacks, especially if we are impatient to get up. And like men, society may listen to quackery. But a better way is to

follow the course of nature and assist it with a few long-tried and simple remedies. And is there a better remedy than setting up conditions where life will be free? I do not think so. Nor does the history of human conduct show any other way.

The livelihood farm has those simple features which will secure to the simple man as good a living as he is able and willing to stand. First of all, it allows him to make his bread by the grip of his hands, the bent of his will, and the sweat of his brow. These are no new-fangled principles. They are habits that experience has proved good. And they find their surest expression in working the land with the knowledge that the harvest will be gathered and stored away in cribs and barns against the barren winter. Such a farmer should have as many acres as will keep him in comfortable circumstances. This will vary according to the location, the richness of the soil, and the size of his family. He must have fields for cultivation, land for woodlots, and for pasturage. The farm should not be so large that he cannot know the fields intimately, nor so small that he will fear want. He must work hard without becoming a slave to the earth.

Removed from the public thoroughfare, upon a good situation, in a grove of trees if they are available, his house will stand. If it is a new one, it should not bear the stamp of a typical architecture. It should fit the local traditions or be adapted to them. The early American builder considered the demands of climate, taste, and needs, using the materials to be found easiest to hand. The dwelling should not be built hastily but to last. This is one of the surest signs of a conservative people. Thus will the physical and spiritual demands of a home be gratified. The farmer has no rent to pay and no fear of having his family thrown out on the big road because some new machine has taken his job away. Only death can do that; even then the man is removed,

and the job remains for the son and heir. This is the security of shelter.

Then there is the security, already spoken of, against hunger. Near the kitchen the garden will lie. In the spring, summer, and fall it fills the pots and supplies the table always with fresh, crisp vegetables. The surplus, and there is always a bountiful surplus in a well-tended garden, may be put away in cans and jars. But even after the frosts fall, the farmer's wife may follow the path toward the richest spot of ground on the place and pick collards and greens. High mounds of potatoes, both kinds, will rise under dirt and leaves to fall gradually before the coming of spring; and turnips, if there is a taste for them. The canning is no easy job, coming as it does in the hottest weather. It might be simpler to buy the cans from the nearby town, except that this will involve the budget and endanger the family's security. It will also force upon the family a lower standard of living, for goods put up for the general public cannot consider special tastes. And it is this very matter of seasoning and taste which defines, in cookery, the special quality which makes for high living. Food must not only be nourishing; it must also be palatable.

Back of the house the farm orchard will spread its branches, shake out the first blooming of spring, slowly bud; and, as the season turns, hang red with cherries, the furry peach, the heavy apples and the russet pears. The vineyard may cover the walk to the well, or it may line the garden fence. But, wherever set, the fresh fruits will fill out the plainer diet of the garden and the surplus go into jellies, preserves, cider, vinegar, and the heady wines. In the fence corners, harboring birds, the wise farmer will let the native fruits grow wild, or he may cultivate the blackberry, the strawberry, the cantaloupe, the melon, the quince, and somewhere the classic fig.

There can be meats according to the family's likes and dislikes: chickens, broilers and frying size; fattened hens who are outlayed by the pullets; and all the year their fruit to make bread and cakes and desserts, or come to the table scrambled, fried, or in omelet. For the three summer months, if the neighborhood is established in its practices, twelve farmers may form a beef club (there is one in Middle Tennessee a hundred years old, whose membership has jealously descended from father to son). Once a week a fat beef is killed and divided into twelve parts. The parts go to the members by progression so that, beginning with the head, the family by the time summer is ended, has eaten a whole cow. Then, if this is not enough meat, the farmer may raise in the proper season sheep for lamb and mutton, guineas, turkeys, ducks, and geese to vary the diet. And with the cold weather comes hog-killing time, the rich surfeit of the greasy meat for a short spell, the salting down, the hanging in the smokehouse, and the long curing. As a by-product the stands of lard will take their places in the pantry; and if there is more than can be used, it may be turned into cash.

But we must not forget the spring house and the dairy nearby, for the choicest possession of the livelihood farm will be its milk cow or cows. They must be bred with care, so that always the milk will flow from bountiful udders and, sweet and sour, stand in the high pitchers with rich yellow pats of butter lying between. This will take good management, to have a fresh cow coming in as the old one goes dry. The young bull calves can be fattened and turned into beef; and if the heifers are promising, they can be kept for milkers. Thus the physical necessities of the farm family are supplied in the most direct way. It is well housed and well fed. For the cover of clothing the small money crops may be sold and exchanged with the output of the factory.

But it must be understood that the supply of physical

needs is no easy matter, nor can it always be of the same degree of excellence. There are two things which qualify the degree of plenty: the imagination and will-to-work of the farmer and the exigencies of nature. It seems almost a waste of type to reaffirm such old and stubborn truths, but the fact is that we are like drunkards who must reassure themselves that the sidewalks really lie solid underfoot, that in the morning the lamp-post that is swaying like an elephant's snout will be found upright and immovable. These truths give the assurance, when a farmer fails, that his failure is his own, that in the conflict with natural forces either his manhood has been found wanting, or in the inscrutable ways of Providence he has been marked for special disaster. In either case he has no complaint to make of society. But under present conditions great injustice is done the competent, those who hunger after living, for it is impossible to separate these men from the dullards and the shirkers. Those who have been deprived of their birthrights and those who never had any are lumped together through the necessities and fears of an artificial deprivation of occupations.

This loss of occupation among the many is the most damning betrayal of all. To take away bread and meat is to deny life, but to take away a man's occupation is to deny the desire and the joy of living. And in the consideration of a remedy for this condition of affairs the small livelihood farm offers the easiest and the surest way out, at least for a large fraction of the population. The act of providing the security of shelter and the security against hunger passes beyond the care for material needs. In the back of the farmer's mind is the knowledge that he must furnish the physical necessities; but unconsciously, for he is not a man of many words, he gets great joy in the doing of it.

He does not suffer the spiritual sterilization, and often the physical, which comes from the modern technique

of factory and city labor: the dissociation between work and the life of the senses, where work is a necessary evil, and pleasure is to be bought with a part of its wages. What does the farmer feel when he begins the day's work? He is not rudely startled from sleep by the strident factory whistle or the metal whang of the alarm clock. At break of day he is found sleeping beside his wife in that deep and resting sleep which only the combined fatigue of the body, the mind, and the senses can induce. At first, the night turns blacker and the air grows chill with such a chill as settles the last of the frosts deep upon the low grounds, thinly skimming the high places, softening the earth for the spring's breaking. This holds for a short spell; then gradually the darkness thins, pales, and slowly sifts in through the windows to settle on the goodman's eyes. By degrees the darkness lifts from the closed lids; light sinks through to the pupil; gently, with never a jarring, it stirs the blood, warns the senses that rest must end. As yet the mind still sleeps. Nature is like a passionate but no rude lover. It spent nine months to prepare this man for his first light and now it moves in its complex way to rescue him from the shorter night. In the distance a rooster crows, a dog barks. There is an answer from the nearby barn. The turkeys lift their heads, stretch, and fly down from the tall pine. The chickens, the good layers, for the fat lazy hens are the last to leave the roosts, are down and scratching for the worm or corn that was missed the night before. The cows move about. The work stock shake themselves in their stalls. The hogs grunt, or the sows fall before the squealing pigs. The song birds chirp. The sky grows brighter, and the world is full of familiar noises. And these sounds, like the unfolding of a drama, penetrate the house and the ears of the sleepers. Suddenly like a gay fan snapping open, the heavens run with color to announce that the high lord of day ap-

proaches. The goodman, the master of a few acres, suddenly finds that his eyes are open. He yawns, and the saliva flows to tell him he may taste. He stretches, and his fingers tell him he may feel. He breathes deeply, and the fresh morning air, sweeping before the sun, shows how good it is to smell. His wife stirs beside him; gets up and dresses; calls the girls. Soon blue smoke from the kitchen stove rises over the house like a Byzantine column. The man is still in bed, enjoying the luxury of keen senses come alive and with no thought as to whether he may spend another five minutes without missing the car, being late for work, and possibly losing his job. He lies there, giving no thought to the tremendous ceremony that has gone into his morning levee. He is thinking of the day's work, for soon he must be up and with the boys feeding the stock, drawing water, and milking. Then he will have no time for planning. Like a good general, once he is dressed, his thoughts are of tactics not strategy.

As complicated as the beginning of this day is, it is only one day in a lifetime of years. There is continual variety. There are the seasonal changes, the time changes, the imperceptible lengthening and shortening of light hours, the variable weather. The richness of these phenomena defies the hardening of a rigid routine. It is a scene in nature's drama, a complete pattern in itself and a part of the larger pattern, the constant performance of death and renewal. Each morning the farmer wakes to some new action. There is the time for breaking the ground, the time for planting, the exciting moment when the crops begin to show themselves, palely green, upon the surface of the earth, the steady progress toward the ripe harvest, or it may be a barren harvest. He may wake, day after day, in a drought, when the sun is hateful. The terrific suspense, the sullen face of the world in a dry time when even the cattle in the fields catch the common fear, he must withstand.

How often do the eyes seek the north, the flash of lightning, for the sign of rain. And the thanksgiving when in the sultry night a wind blows and the gentle rain falls on the hot shingles and down the crevices of the hard-cracked earth. The farmer, the farmer's wife, the children listen to know whether it will be a delusive shower or a real season. Then, when the patter becomes steady, restful sleep falls upon the house. Next morning with what joy does the farmer breathe in the crisp damp air. No perfume would possibly so exalt this one sense of smell. And his eyes look upon the world and see it come to life; see the brown ruin leave.

Or it may be there is too much rain, and the overhanging clouds encompass a rotting world. Then what a sight it is when the sun drives down the morning mist and sucks the fields dry. How busy is everybody killing the grass and saving the moisture. But this work must be done at the right time, for if the cultivator is hasty, is illy disciplined, he may plow the ground too heavy and not only injure the crops but do such damage to the soil as many seasons may fail to heal. Without conscious knowledge of the part he is playing, the farmer is dignified by this continual struggle with nature, with the seed time, the growing season, the gathering time, the storing away, and at the end the great dénouement with its relieving catharsis, for if there is death, he has learned that always it makes for new life. It is not possible to distinguish the needs of the flesh, the senses, and the spirit, for when the farmer thinks of making a good living for his family, this good living means physical, sensory, and spiritual welfare.

This is why the genuine farmer (and it takes a proper society to make a genuine farmer) never loses his belief in God. And the greatest flowering of formal religion will be found when society has the right understanding of this natural drama. When religion grows formless

and weak, it is because man in his right rôle as the protagonist in the great conflict is forgotten or disbelieved. He becomes vainglorious and thinks he may conquer nature. This the good farmer knows to be nonsense. He is faced constantly and immediately with a mysterious and powerful presence, which he may use but which he may never reduce entirely to his will and desires. He knows of minor successes; he remembers defeats; but he is so involved in the tremendously complex ritual of the seasonal drama that he never thinks about idle or dangerous speculations.

In isolation such farming would be of no force in the common life. There must be enough of such livelihood farms to restore a conservative balance to the country community. Like the individual, no farm can stand alone; but — and this is the important issue — it must stand as a part of a healthy country life, not as a division of an internal colonial province to be exploited according to the irresponsible desires of commerce which, like a barn fire, increase the more they are fed. The livelihood farm is proof against exploitation. By giving security, it makes a self-respecting and stable citizen. It will have its influence, also, on the larger farms, of necessity having to do more with money crops. Seeing these semi-independent farm units about them, the large farmers will have a constant warning against the ruinous influence they have followed for over three quarters of a century, the ruthless and speculative demands of foreign trade, the sole interest in the money crop, and a bad system of tenantry — bad for the proprietor as well as for the worker, since he is the tenant to the credit system as the cropper is the casual worker of the land.

But even under a bad system, the livelihood farm will show virtues and make for stability. In hard times unrest and suffering will be reduced to the minimum, since these freeholds will always secure first the necessities of life. Depressions and public peril can only

deprive them of comforts and some few luxuries. Good times can add only material comforts, vanities, and bought luxuries. And if the State is overturned in revolution, the freeholders are the last to be swept into chaos. Having something very definite to risk by change, such men will be slow to follow the demagogue, whereas, the tenant will be quick to follow him, since the tenant has been reduced to squeezing all he can from a system that gives him at best enough to eat and wear. In the seasonal drama which gives purpose and dignity to the small proprietor the tenant plays the part either of a churl or buffoon.

There are other negative virtues to a program of encouraging the livelihood farm. By taking much land out of the money crops and repopulating it with people instead of with wheat, cotton, and tobacco, with people who will consume most of its produce, the overproduction in the major crops will be naturally reduced, not artificially as the A.A.A. orders. At the same time the problem of distribution will be simplified. Food, housing, and to an extent clothing will not have to follow the wasteful process of being gathered into large centers and wastefully redistributed, for every hand that passes goods about must take its share. *Such commodities will be produced and consumed at the same place.* And without too great a disruption of the present trading set-up, for although the measure of each farm unit's produce for the general trade will be small, over and above its living consumption, its multiple will be large enough to maintain a healthy traffic between industry and agriculture, supporting the trade of the larger commercial farms, small merchants, the local professions, and the community of artisans.

It must be understood that everybody is not fit to follow the life of the livelihood farm. There will always be men incapable of responsibility and ownership of property, even on so small a scale, just as there will be

other men whose wits and wills and imaginations demand larger possessions and the honor of command. Regional, climatic, or cultural differences would forbid that so large a territory as the United States should all be divided into yeoman farms. But if our country might boast even one fourth or one third of the population so situated, rural life and therefore the life of the nation would by present comparison become wonderfully stable. And the commercial farms, instead of a machine tenantry, held steady by such a leaven, could be served by that large body of people who are unfit for responsible ownership or who by ill-luck are reduced to the state of temporary dependence. On such a basis foreign and internal trade would find itself confined to a more constant and less variable rise and fall in prices. But the greatest good to result from such an economy will be its more natural living conditions. This should be the important end of polity, for only when families are fixed in their habits, sure of their property, hopeful for the security of their children, jealous of liberties which they cherish, can the State keep the middle course between impotence and tyranny.

Of the Mean and Sure Estate

JOHN DONALD WADE

THERE are many wars afoot in the world, the war of the sexes and the war of the classes, and so on; and there is one war that is carried on in America more actively than it is elsewhere. That is the war of the city against the country. It is certain that no conspicuous part of the writing that has been done in England in late years deals derisively or belligerently with the peculiar shortcomings of countrymen. Possibly there are not any countrymen left there to attack. Possibly European sophistication came to the conclusion, somewhat ahead of our sophistication, that its own means of grace were somehow not wholly adequate, and learned a hesitancy to impose those means where they seemed little wanted.

Always and everywhere, life in the country or in villages is less filled with human association than it is in cities. In the densely settled regions of Europe, human association long since came to imply ideas that were not inescapably pleasant. In America, sparsely settled still, though the twentieth century is more than a third gone, human association is still rare enough and the cities are still new enough — like new toys — for many of us to feel that the fascination of them can never fade. We have felt, pioneers and frontiersmen as most of us are by close inheritance if not actually, that we could never, never see enough people, enough of the structures and devices of people to relieve us of the tedium of unbroken

forests and of uninhabited prairie. Many a pioneer built his barns in front of his house, square across a lovely vista, for the good reason that it pleased him to see his barns more than it did to see trees or hills or water. It is more pleasing still, to many Americans, to see the building of the Post Office Department in Washington, or any building, in fact, than to see any object in nature.

The cities, then, have testified agreeably to a nation who felt that nature can be insupportably dull, or violent, concerning man's ability to conquer nature. They have testified also concerning a man's ability to be powerful over his kind, and they have exhibited, one after another, the newest trinkets of scientific discovery to a race which, the world over, found those trinkets irresistible. Stupendously rich off the land tributary to them, they have become centers of medical advance, and even of academic enterprise and of art and religion. It was easy to believe that they were the focus of every desirable thing. Strenuously they proclaimed their own merit, and only the brash had any heart to challenge them.

There was a man speaking in 1935. His age was twenty-five or so, and his business was to pull down boxes in a wholesale grocery store in a town of fifty thousand people. All day he pulled down boxes and put them on a two-wheeled truck and rolled the truck to the delivery door. At night he went to movies. Two men from an adjacent village were buying some groceries from his store to use in connection with a barbecue they were giving. The barbecue was to be in the nature of a 'rally' to encourage community interest in a huge planting of camellia japonicas and other shrubs along the highways leading into the two men's village. Each of the two men had been to college in this country and in Europe, each of them derived a livelihood from property he had inherited from his grandparents, each of

them had traveled considerably and read considerably — perhaps more than was good for them — and each of them (in a small, Southern way) was a man of affairs. Said the grocery clerk to these men: 'What are you guys going to do with so much sugar and coffee?' 'We are giving a barbecue,' they answered, 'in Grovetown. You possibly know where it is. We are inviting everybody in the community. There will probably be five or six hundred people. You'd better come down, too.'

'Say, fellows,' says grocer, 'you might not believe it, you might think me nuts, but I'd sure like to come. I always did say that I'd like to go to a country barbecue and just watch how a bunch of countrymen would act.' Unfortunately, the young man could not come.

There was a lady speaking, also in 1935, and she said this: — she said, referring to a gubernatorial candidate whom she detested, 'Why, he declared himself that he really did not care for the vote of anybody who lived within the sound of a street-car. You can tell by that,' she continued, 'what kind of a man he is — he simply showed that he didn't care for the vote of anybody who is intelligent.' The lady was not talking her true mind; she was echo when she said that, only. Happily, she does not herself live within sound of a street-car, and she is beyond doubt among the most intelligent ladies who were eligible to vote in that election.

Besides, she spoke with high precedent. For it was in the same year that another lady made, or was reported to have made, a parallel deposition. This personage, the occupant of exalted office, a member of the President's Cabinet and by inference a sort of priestess of philosophy, manifested a similar point of view by a statement that was more extreme, and apparently deliberate. She was at the time passing through Texas, and she was troubled by the truly unfortunate condition of some Texas share-croppers. As bad as things are, somebody said to her, these people have at least the

bare necessities of life and a plenty of sunshine and fresh air — more than they would likely have if they were in New York. That, the Cabinet lady declared, was not to the point; for subsistence in such loneliness seemed to her more abhorrent than starvation in a metropolis.

Still another lady was speaking in 1935, commenting on a wedding she had attended. Her husband runs one of several clothing stores in a town that offers a patronage of about thirty thousand people, and his family and hers are removed by only a tragically narrow margin from village origins. The wedding she had attended was in the house of one of her village-dwelling kin, a branch of her family obviously superior to her own. Exclaimed this lady: 'Oh, wasn't the wedding beautiful! really beautiful! my dear, nothing whatever small-townish about it!' *God in his mercy send her grace.*

But as late as 1870, in the South, at least, this had not come to pass. Then, there was an old gentleman pondering on the case of his wife's nephew, a young fellow whom he deeply loved. Responsibilities were heavy upon that young man, and he was abandoning his farm to further his fortunes store-keeping in a near-by city. It was a lucky move — he grew rich and his grandchildren are rich still. But all of that was not evident in 1870, and the old gentleman, many of whose own grandchildren were ultimately smothered with mortgages, was sadly distressed over the departure of his nephew — most of all, perhaps, over the boy's abandoning the life of a planter, which seemed to him calculated to promote virtue, for the life of a shopkeeper, which seemed to him at best not, by stark necessity, hostile to virtues. 'My son,' said the Squire, 'no man more than I deprecates the circumstances which make necessary your departure. The poet Cowper, whose translation of ancient Homer I do not incidentally esteem as comparable to that of Mr. Pope, has saga-

ciously observed that God made the country, man made the town. That, sir, is a veracious aphorism, and I hope you will not suffer it to pass from your memory.'

All of that was long ago. The poet Cowper and the old Squire, and nearly everything that they thought and said, have for many years been compounded with the earth they cherished. The city-dwellers have long looked with sorrow if not with detestation upon the country; and the country-dwellers — too many of them — with envy and imitative yearnings look adoringly cityward.

That much has been accomplished; and if it were written down in any dependable Scripture that because a thing is done it is also wise and irrevocable, there would be little use talking about any of this any more. Or, indeed, about anything any more. Little use, that is, except the unctuous and practically remunerative, if vapid, one of hymning always upon a theme that nearly everybody is already agreed about.

'It is sweet to dance,' a poem says, 'to violins when Love and Life are fair, to dance to flutes, to dance to lutes, is delicate and rare.' And among certain classes of the cities of our time there is considerable dancing. There is dancing in ballrooms, of the now classical jazz type, and something hardly distinguishable from dancing, in museums and picture-galleries and churches, and at dinner tables, and across the front pages of newspapers and the covers of magazines, and, without stretching the word too far, by the side of unclosed graves and at the lying-in wards of vast hospitals. There is much dancing, alert and nervous — dancing that is aware, of something or other. It is agreeable to have one's practices identified with rightness, whether by direct praise or by a lampooning of practices that are alien; and the bards among us, knowing who at last must pay the piper, have been very busy to satirize rusticity in this nation.

They have learned in general that they must praise the metropolis or, if that is too strong a task for them, that they must deride its antithesis. Rusticity does not command the newest capers, whether of ballroom, gallery, or grave-side, and in many instances it does not apparently greatly care. Yet, with all of its backwardness, it is too widely dispersed geographically, too difficult to subdue politically, too residual, somehow, deep in the spirits of most Americans, for it to be ignored blandly as one ignores the backward, or distressingly *forward*, submerged majority in the great cities. Rusticity is a palpable form that may be flayed, for its outlandishness, for the delectation of the dancers.

'But it is not sweet,' the poem continues, 'with nimble feet, to dance upon the air,' and it may be worth inquiring whether or not the contemporary metropolis carries, along with its many manifest and undeniable virtues, any contrary drifts that may be, at the lightest, of the kind that will bear watching, or, at the gravest, plainly disruptive and fatal. If the principle of metropolitanism is basically parasitic, that is bad. If it testifies to man that he is paramount in the natural world, it testifies falsely, leading its dupes to a folly too presumptuous to wring tears from any but the most maudlin of angels. If it implies, through an accelerated enactment of humane undertakings, be they never so numerous nor so vast, that the validity of humane undertakings rests in their size and number, and not in their quality, the spirit in which they are performed — in that case, the principle of metropolitanism is, then, again a false witness.

It is at least arguable that any metropolis is largely parasitic in nature. 'But so,' the urban apologist might retort, 'is a great part of all the spectacular distinction up till now in the world's history — it has all been in a sense the fruit of exploitation.' Perhaps so, and perhaps distinction must continue to derive its sustenance as

of old. In all events, *somehow*, distinction must be striven for — but this is not to say that the exploiter can dare, ever, at the cost of his soul, to be ruthless, or to be uninspired by a pervading humility and by a sense of his obligation to everything that makes his excellence possible.

The main issue here is to know whether or not the American metropolis senses this humility, this obligation. This much is observable: that there is no end of bitter or supercilious metropolitan talk about the nigglingness and dullness and stupidity and cruelty of non-metropolitan existence — no end of it. And this, too, is observable: that there is more bitter and supercilious talk still when it is suggested that there is an obligation upon the cities to help remedy the conditions which seem to them so heinous. They will accede, now, to the building of passable cross-country highways, for reasons hard to think altruistic. They have so far not widely and generously acceded to the establishment, with tax-money, of free medical attention to the rural indigent (and free medical attention to the urban indigent is largely self-protective). Nor have they acceded to the establishment, from the same funds, of rural libraries, or of schools in rural communities as expensively operated (N.B., *expensively* is the word used, not *sensibly*) as schools in urban communities. This is parasitism of a bad sort, indeed, warranted to kill.

It is evident that man should conquer when he can the often inert and impassive and sometimes fierce and aggressive opposition that nature offers to man's best development. He thinks that he has made substantial progress toward that end. But it is in all conscience a slight progress, and the beam of deterministic science by which he has worked his marvels, and which he believes will enable him to work greater and greater marvels in the future, is the same beam that discloses to him, at the end of all his struggles — if it

can disclose anything more tangible than star-dust — a dark and dead and icy world, revolving through frozen vacuity and death and darkness only.

Nor is it set forth in the canon that that Close will spare the towers of Manhattan any more than it does the tin roofs of Gopher Prairie. It will not do, then, if man wishes to avoid absurdity, for him to be cocky in the face of nature except within very definite limitations. And it is easier, if one has money, as an intellectual must, and if one will but stay indoors mostly, as one will, to confuse Manhattan with the island valley of Avalon, where climatic conditions are said to be so agreeable, than it is to make the same confusion in connection with Gopher Prairie. If Romance were the order of the day among the metropolitan intelligentsia, the delusion might be thought of as justifying itself. But Romance, it has been remarked, is a vagrant now, on the town pretty definitely; and the firm realist would do well to pack himself off to a place likely to keep him more persistently reminded of the possible pain and certain futility ahead of him. Or if Religion were the order of the day; but Religion . . .

The essential thing about humane endeavor is not how large it is nor how ready nor even how effective. The essential thing about it is how human it is. That is in fact the essential thing about anything. And it is not the business of man to shape his humanity to the mechanical devices that he has often largely by accident brought into existence. That effort, now vigorously undertaken, must be always vain, and unless all signs fail it leads inevitably beyond mere fruitlessness straight to a torture-chamber that can and will swallow-in all of us in a trice. Unless mankind can subject to his humanity the fiendish war engines he has made, there is odds, and high ones, that these engines will not stop till they have annihilated him.

And there is another subjection for him to accom-

plish — less sensational, but in the long run as important — one more immediately relevant to a comparison of urban and rural attitudes. He must subject to his humanity the moderately effective sociological agencies that his dwelling in congested areas has forced him to set up. These agencies are evil by as much as they are mechanical, and they are largely mechanical.

Mr. Robert Frost has written a poem in which he tells how a field-hand gives over some necessary hoeing he was about, in order to walk over to the roadside and pass the time of day with an acquaintance of his who was riding by and who had stopped to speak to him. The hoeing could have been finished before dark, and there was much work of another sort for the man to do next morning; it distressed him to be obliged to stop. But he felt himself obliged. The hoeing was important, and if immediate efficiency is the ultimate goal, it was most important. But if there is another goal more desirable than immediate efficiency — a constant, undimmed recognition of the common humanity of man and man, which alone can lead to any worthy and lasting efficiency — in that case, the salutation was mandatory.

That recognition *is* mandatory, and it must be kept constant and undimmed. It must be achieved; and a cash bonus hurled across a fence in lieu of it is not adequate. How possible is it to maintain such a recognition in a great metropolis? Is the human capacity in that regard limited, or not limited? Just how many of his fellows, with their individual joys and woes, can any individual burden himself with emotionally and not be crucified? Alas, human capacity *is* limited, and the answer is, not many. If the individuals whom one encounters are day after day after day quite innumerable, it is only the spiritual immunity to human encounter, which automatically develops, that can

fend off quite final madness. John Doe, dropped dead on Main Street, means half the town out, to condole with widow Mary — and cakes and pies and jams out, for hers and for her children's comfort. John Doe, dropped dead on Broadway, is another story. Curses, that in front of *me*, he fell — a minute more and I had passed — I, who had business to do, and who am late now for the movie-opening. This is necessary; it is sacrilege; it cannot be otherwise.

All of this is pertinent to the countless charts that American sociologists are forever drawing up to show the relative progress, by which they mean merit, of various sections or states or cities. These charts will show, for example, how on a basis of 214 items considered, Detroit, in an arbitrary scale of 100, will rate 89.7293, while Natchez is admonished to be ashamed of itself with its rating of only 21.0063. Now if these figures are to be taken at their face value, life in Detroit is more likely to turn out worthy and happy than life in Natchez — by exactly as much as 89.7293 is greater than 21.0063. But why are the figures to be taken at their face value? There is no partisan of Natchez who would not wish that his town might have more of the 214 items that are thought to be, and perhaps are, so desirable for people to have. But it is permissible to wonder if the deep-laid assumptions of its citizenry are not also properly to be considered in striking any town's true value. Is the assumption of the common humanity of man with man more palpably discernible in Detroit or in Natchez? And if that item should properly be considered, should it be given the weight merely of any other of the now 215 items — like that, say, of the number of automobiles per capita, or the number of *Saturday Evening Posts* subscribed to — or should it be given a weight as great as that of the other 214 items combined? That, perhaps, the sociologists can determine mathematically.

In the meantime, the showing of Natchez must not be set down as finally ignominious. People *must* know people, and act toward them, all — high and low, old and young, wise and foolish — as if they were people and not mechanisms. Association with a limited group of 'congenial' persons, however intimate, is no satisfactory substitute for the thing that is mandatory. An association of that sort is an easy snare to fall into in a great city, and a very pleasant snare, but its resolute hinges are forged with provincialism. Nor will it do to limit one's intimate associations — a feat hardly possible in villages — to a group of approximately one's own age. That snare has worked overtime, and surely, among the cosmopolitan intellectuals of New York. Away from home, and *free* and *proud* and *hale* (twenty-five to fifty, say, in age), they fall into the easy course of seeing mostly people like themselves; and they conclude, naturally, and fervently, out of their own experience, that a lack of money is the only thing standing between all mankind and all that mankind could ever wish for.

That is a very stupid conclusion for an intellectual to come to. For there are the impotence and sensitiveness of youth and the impotence and sensitiveness of age, that are doubtless immutable; and there is stifling pain, impregnable in the hearts of most mortal beings; and there is the hideous snipping-apart of fond relationships by absence and by meant or unmeant cruelty and by implacable death. It takes a fool of high order to imagine that money may mitigate these curses much. Not without symbolic meaning, nor without the transcendental direction of some brooding deity, one is half-convinced, are most walls in New York broken across with a handwriting that is plainly read: WATCH YOUR STEP.

The same warning, of course, might with some, if not with as much, justification be written at village

drugstores and at country courthouses and crossroads the nation over. The isolation of country living that has seemed oppressive to many people, the lack of devices such as electric light and water facilities that seem to many people more important than any other matter whatever — these are in our day remedied or in way of being so. It is not now on these scores, if it ever was, that country people most need to change their ways.

But if city people have injudiciously pushed the virtue of alertness into a sort of chronic hysteria, it is also true that country people have often not cherished that virtue enough for it to operate among them at its proper strength. And if city people have pushed the virtue of imagination into an abstractedness of thinking that finds it easier to fix itself upon A.D. 1996 than upon 1936, and upon a plan for at least continental redemption than upon a useful and current deed in one's own ward — if this bad thing is true, it is also true that country people are, from some standpoints, distressingly indisposed to concern themselves, in public matters, with a point in time as distant as next year or with a point in space more distant than their own land-lines. And if the virtue of tolerance has grown so great in cities that the mere alienage, the mere newness, of a thing is taken as enough to commend it wholly, it is also true that in the country the same qualities in a thing are frequently thought of as enough to condemn it wholly. *Watch Your Step* is a good saying and though it certainly needs crying less urgently through the open land than it does up and down the length of Broadway, it is worth remembering everywhere.

What it most needs to be shouted about in the country is the present disposition of the country to ape the city — not to take over in modified form some of the hysteria, abstractedness, and license of the city, and

temper them down into a proper alertness, imagination, and tolerance, but to take those qualities over bodily, to imitate the city, as nearly as may be, without reservation. That is not the way of improvement but of degeneration. It entails, whatever all the literary henchmen of the metropolis may say, be they novelists, dramatists, or 'critics,' an active going out after spuriousness and vulgarity. It implies, more basically, the spectacle of independence doing obeisance before parasitism, of sanity turning presumptuous in the face of nature, and of humanity turning infidel to loving-kindness.

Literature as a Symptom

ROBERT PENN WARREN

TODAY it may seem to a writer who wants to produce novels, stories, poems, or plays, or does produce them, even very good ones as our contemporary productions go, that the writers of the past, even though some of them in the course of their private lives suffered hunger, disappointment in love, or jail, were happier, as writers, than the writer today, who may even have his ten or fifteen per cent on the returns of high-pressure salesmanship of literature to a largely literate public. It may simply be that the illusion of time and distance deceives the modern writer who remembers the happy dead just at the uncomfortable moment when he himself gets ready to sit down at his work-table to fight his own battles in the confusion of their detail. Or it may be that all artistic works of considerable power enchant the reader or observer so intensely that he feels that the creators were, somehow, in possession of an inner ease and certainty denied to later practitioners, even though common-sense tells him that such perfections never could have come for the simple asking. Or it may be that in every age some writers have looked back to the past, and have felt that they came late and unluckily, or that they came, at least, into a less heroic time: there were left 'no bays in their walks,' Dryden remarked, thinking of the preceding age, and of Elizabethan prodigality of genius.

It may seem to the modern writer that many writers of the past, most of them perhaps, had half of their thinking done for them before they even began to write. It may seem so about Hawthorne, for instance, whose inspiration and theme came so directly, and so firmly formed, out of the New England behind him. But the same is true of Emily Dickinson or of Herman Melville. *Moby Dick*, with very slight and mechanical qualification, came as directly as did *The Scarlet Letter*. Its stage of action is the deck of a whaler and not a New England village, but the whaler is only New England afloat, New England with its edges whetted and its essence concentrated by the valiant rigors of a calling in which its sons found a special congeniality. The premises of the story of Ahab and the White Whale afford a more metaphysical approach to New England, and the tragedy of New England, than do those of the story of the lovers in *The Scarlet Letter*. Or it might be put otherwise: Melville tends to employ the religious and mythical approach, Hawthorne, in *The Scarlet Letter* and elsewhere, the social or allegorical. But the theme is finally the same: the grandeur and terrible incompleteness of the New England conception of man's rôle in the world brought into conflict with the multiform, recalcitrant, seductive, and violent world. But there is also Henry James. James, also, as a large body of criticism testifies, must often be discussed in the terminology of the New England tradition, although his people may be several generations, and his scenes some thousands of miles, removed from the streets of a New England village or the deck of a whaler.

I have named these four writers because they, perhaps more than any other Americans, have done work that is defined, in its theme and essence, by a powerful and coherent culture. Whatever the limitations of New England culture may have been, it did propose that a man's experience and behavior was not merely 'inter-

esting' as a case, or type, or illustration, but was important in itself and as part of an eternal drama. It may be asked how often has that proposition, or a similar proposition, been inherent in the work of American writers in the last generation and the present generation. Not often; perhaps not at all. Or if at all, feebly and nostalgically. Nor has such a proposition been obviously inherent in present American life.

That may be the reason why the modern writer is less happy, as a writer, than Hawthorne or Melville, those writers who had, as it were, half of their thinking done for them. He may feel that Hawthorne or Melville was under no necessity of hunting for a theme; the theme, the fundamental assumption, the obsession, if you will, was already theirs, and theirs so easily, so naturally, so inherently, that they were relieved of any compulsion to seek deliberately 'ideas' with which to engage their talents, and being freed from such compulsion, could devote themselves to the proper concern of an artist, the study of the problem of concretely realizing the theme in projected human experience. So easily, so naturally, so inherently — or at least it seems so to the later writer, who, in his wistfulness, may be a little too readily inclined to forget the dubieties, hazards, and perplexities that must have beset then, as now, the progress of artistic endeavor.

But, after all, perhaps more now than then; for the contemporary writer, apparently, labors under a more stringent necessity of seeking his theme. This hypothetical being, the contemporary writer, feels in himself, let us say, his latent powers, and the impulse in himself to direct these powers in a satisfying and worthy course, but he must first discover a theme, unless he is merely to project in symbol after symbol the frustration he suffers because he is not in possession of a theme that will afford him a purposeful direction for his

powers, or to project his rebellion and dissatisfaction in a literature of violence and disgust.

It is certainly true, however, that at no time, not even the happiest, was the novelist or poet relieved of the responsibility of inspecting the aims of the society from which he stemmed and in which he moved, and of pondering the inevitable puzzles proposed to him by the spectacle of human existence. But there is an important difference discernible in the motives that may lead the novelist or poet into such an activity. First, he may engage himself in such an activity as a part, and perhaps the most significant part, of his rôle as a citizen and a human being. He is, then, motivated by the conviction that the study of the springs of human conduct and the representation of human conduct are important and positive because the human creature possesses an inalienable dignity and interest; and then, his effort to perform as an artist, to create from the premises of his speculations and the passions provoked by them, is in itself, finally, but a phase of his own conduct as a human being and, as a matter of fact, a citizen. His work, therefore, may more nearly achieve an objectivity and give an impression of fulfillment; it is not forever tied to his own personality, and the act of parturition is, indeed, complete. The work may be, therefore, a genuine creation.

In the second place, he may engage himself in that activity, in that observation and questioning, for a very different set of reasons. The activity, differently then, is not a phase of his rôle as human being or, perhaps, citizen. In that case, he may perform an abstraction, and may look about him merely in his rôle as artist. That is, he is searching for a theme — something to give meaning to his impulse, a scaffolding or stage on which he may parade, a device to permit the expression, ultimately, of his own personality. His speculative questions, then, are undertaken not because he holds

that they, in themselves, are finally important; they are but a means to an end, an end which, we have been frequently assured in recent years, is of great importance and magnificence. That end is self-expression; just that. He has primarily defined himself as an artist — a pard-like spirit, beautiful and swift and quite unlike other persons. His concerns are not their concerns, and he is inclined, with the egotism of frail mortality, to set a very high valuation on his own concerns. With his intelligence, his sensitivity, his literary genius even, he may do a great deal to make that valuation appear not too absurd. But he, our hypothetical contemporary writer, does not always seem thoroughly content.

It may be objected that the foregoing distinction is not a real one. Perhaps it is not, for the simplicities of historical definition may be delusions, always. It may be objected that Milton, a writer of the past, devoted years of his life to the search for a worthy theme, that he merely felt his great powers burgeoning within him, and under that compulsion cast about for something on which to exercise them; he wished to leave something that posterity would 'not willingly let die.' Milton left a record of his search, a record composed largely of scattered commentaries, but a record fundamentally more instructive, more complete than those left by most artists, because Milton was enormously self-conscious and because he was directly involved in a revolutionary movement. But was the object of Milton's search a 'theme' in the sense in which the term has been previously used in the course of this paper? No, it was not. The object of his search was appropriate subject, not theme; and the difference is important. For instance, the subject of *Paradise Lost* is the story of the Fall of Man, the story of what happened to Adam and Eve. But the theme is the nature of justice, the relation of human will to Divine Will,

the relation of Good to Evil: in short, as Milton put it, the justification of 'God's ways to man.' It is conceivable that Milton might have used another subject, though probably one not as effective, for the vehicle of his theme. (The themes of *King Lear* and *Tess of the D'Urbervilles* are very similar to, though less complicated than, the theme of *Paradise Lost;* but the stories involved in the three masterpieces are vastly different.) The subject is the device used by the writer to objectify the theme, to dramatize it, to realize it in experience.

We know that Milton did, in cold blood, seek a subject, that he did consider and discard, that the nature of his future subject occasioned prolonged debate in his mind. That may often be the obligation of the writer; though sometimes, more happily, it may be a question of selecting out of his fullness rather than of seeking out of his dearth. And it might be more accurate to say that Milton did select and sift from his fullness. But the two processes amount, in one sense, to the same thing; and they can be highly deliberate, an exercise of calculation rather than the enjoyment of luck or the play of artistic instinct. The point is that the process, whichever it may be, is undertaken for the definite and exclusive purpose of creating a novel or poem or play. It represents the artist functioning *as* artist.

Milton, as artist, was under the necessity of searching for a subject, or of weighing this possible subject against that possible subject. His poems present a variety of subjects — the Lady wandering into the wood of Comus, the death by drowning of King, the Fall of Man, the consequences of the love of Samson and Delilah; but little variety of theme. They present a development, rather than a variety, of theme. And that theme was, basically, the relation of human will to Divine Will. He did not adopt the theme because he wanted to be a poet and because he thought that the

theme would help him organize his material and focus his genius. His long probings into the theme, the arduous discipline of his studies, his observations of men and affairs, his service to a revolutionary state, were undertaken not for 'literary' purposes, not to 'gather material' or to achieve 'a point of view,' but to fulfill what he thought to be his duty to God, to society, and to himself, himself not as a poet, but as a man. He conceived of himself — so one eminent scholar contends — as a 'normal' person, as a person 'representative,' in the best sense, of society, not as an *artist* set off against society. Being an artist was but one way of serving God.

The contemporary writer, looking back on Milton, Melville, Hawthorne, Hardy, or Fielding, may be overwhelmed by the sense of his own separateness and be led, it may be in his weakness, to believe that they owned a secret, not merely a secret of technical expertness, that is not his. Further, he may feel that something that once bound author and audience together, some common tie of values, some sustaining convention, is lost. The poet suffers more in this respect than the novelist and is more desperate; but the novelist, unless flown with the insolence of high-pressure sales and movie rights, may experience the same perplexity. (Theodore Dreiser and Stark Young must have experienced it when they saw for the first time the moving pictures made from *An American Tragedy* and *So Red the Rose;* or Ernest Hemingway when he saw the conclusion of the Hollywood version of *A Farewell to Arms.* Those events must have put the question narrowly.) The novelist may even know more about putting a novel together than Fielding, Hardy, or Hawthorne knew; but that is not enough, that is not the secret. And so he may try to reason himself into the appropriate position, to perform the ritual to evoke the wayward spirit.

The current rationalizations and rituals are numerous; the prescriptions vary from critic to critic and from artist to artist. The 'regional movement' and the 'proletarian movement' are the two rationalizations in greatest vogue at this moment. The regional movement may be defined, in brief and in part, as the attempt of a writer to reason himself into the appropriate relation to the past; the proletarian movement, as the attempt to reason himself into the appropriate relation to the future. Regionalists have claimed many saints: Shakespeare, Hardy, Sophocles, Melville, Hawthorne, Milton, Sitting Bull, Wordsworth, W. B. Yeats, Flaubert, and the unknown composers of the ballads. For they ransack literature, and canonize, somewhat indiscriminately, whoever strikes the personal admiration. But regionalists share few special saints in common, for they have no dogma and they worship where they will. But the members of the proletarian movement have no saints at all, in this sense, for the literature they most enthusiastically admire is unwritten. But they do have a dogma. The golden age for one group is in the past, for the other in the future; and the critic may feel, in a momentary irritation, that it is equally remote in either case, and inaccessible, for the giants are not now.

Regionalism is, from one point of view, an inadequate name for the movement it serves to designate. The element of tradition, the relation of an un-dead past to a present, bulks large in the content of the movement. This traditional aspect may be emphasized in regard to religion, philosophy, political history, social history, manners and customs, or folklore; or in regard to all of these. So, as I have said, the regionalist is attempting to reason himself into an appropriate relation to the past. But these items are for him always involved with a special place. He professes great respect for similar instincts in the inhabitants of other places — except at

some moments when his emphasis is on political history; but he reserves his special pieties for his own familiar haunts, pieties the more devout if those haunts were the haunts of his childhood too. Then, the regional movement is, in addition, the attempt of the writer to define his appropriate relation to a special place. But according to the proletarian movement this attempt smacks of antiquated religion, patriotism, or even fascism; for the proletarian movement is itself international in its reasoning. (But here the proletarian writer is sometimes betrayed, at least momentarily betrayed, for he may write with a particular locale for his action, and as he looks about, in so far as there is a poet in him, he may begin to look too long and too lovingly, and so to commemorate another kind of vision from that which was his at first. For nature, like religion, can be an 'opiate for the people,' though not for so many people.)

Further, the proletarian movement is an attempt on the part of the writer to reason himself into an appropriate relation to a class. The regional movement, with some implied conception of an organic society in its background, denies the desirability of such a program, claiming that the focus of literary inspiration should be the individual, not the class. (And here the proletarian writer claims, sometimes with justice, that the regional writer is betrayed, despite his fine professions, into being the spokesman and propagandist, too, for a class, the bourgeois class. As a matter of fact, the tendency among regional writers, motivated probably by the 'folk' element in the content of their theorizing, or sometimes by the historical element, that is, the 'frontier,' has been to write about simple people or people of lower economic or social condition; this, says the proletarian writer, is snobbery — as it sometimes is without doubt — or a sentimentality and deception that retard the revolutionary reality.)

These attitudes in regard to the matter of class have corollaries in regard to the matter of property. Both regional and proletarian writers are attempting to reason themselves into an appropriate relation to the concept of property, the proletarian writer more consciously than the regional writer in most instances. But the rationalizations are very different. The proletarian writer regards the *concept* of property — not necessarily his own *personal* property — as a millstone about the artistic neck. As Gorki says: 'the act of complete and real emancipation of the peasantry from the power of the earth, from the yoke of ownership.'

The regional writer connects the idea of property, that is, real property as opposed to abstract property, with his idea of the relation of man to place, for ownership gives a man a stake in a place and helps to define his, for the regional writer, organic relation to society. There are, for witness, the number of regional novels that treat of the hunger for land, or the relation of an individual or family to a farm or homestead; most of these novels attempt to describe, as a number of poems imply, the fusion of the simple economic fact of ownership with the entire emotional life.

But all of this proposes another distinction: the proletarian writer has a bias toward industrialism, and generally treats of life in a manufacturing or commercial center; the regional writer usually, but not necessarily, has an agrarian bias, and writes, not of the metropolis, but of the hinterland which is his own by accident or election. When the proletarian writer treats of rural life there ordinarily lurks somewhere in the background of the performance the proposition that the mechanization of its processes, the application of industrial organization, would remove from it the stigma of *peasant life*, that is, the life which the regionalist is often inclined to sentimentalize, or idealize, as the case may be. For the proletarian writer is fundamentally im-

patient with the 'peasant,' and contemptuous of him.

The proletarian writer feels behind him, motivating his creative energies, an organized economic and political program, and even a political party. He may not be a member of the Communist or Socialist Party, he may not even bother to vote in presidential years, but the fact that such parties exist and attempt direct action necessarily influences the attitude of the writer toward his own work. His work tends to become, explicitly, propaganda. And, since propaganda is immediately valuable, not in so far as it conditions the total life and energy of the reader and refines his sensibility, but in so far as it provokes to specific action at the earliest possible date, the temptation for the writer is to simplify his subjects for the purpose if illustrating a proposition and of eliminating complicating factors in experience.

A formula tends to emerge. Jack Conroy, quoting Mike Gold, has pointed out that it is easy to write the first three acts of a revolutionary drama. 'In the fourth act, however, the action must be resolved into some sort of climax — the strike is lost but the workers, undaunted, pledge themselves to continue the struggle; the central character awakens to social consciousness; or the strike is won and gives the workers fresh courage for the ultimate battle.' It should, it appears to me, be equally easy, assuming that it is 'easy' to write anything, to write the fourth act then, for the formula, the three possibilities laid down being really equivalent, relieves the dramatist of the necessity of exploring certain other possibilities. The possibilities chosen are chosen for 'inspirational' purposes.

This type of politicalized literature, just like organized Nazi or Fascist literature, is usually based on a conception of literature as instrument; both types, communist or fascist, are attempts to reason the writer into an appropriate relation to politics. But no political

party stands behind the regional writer, in fact, no organization of any description. The Democratic and Republican parties take little interest in the seasonal output of verse and prose. And Mr. Farley's sole obligation in relation to literature is, as I understand it, to keep obscenity out of the mails. The sporadic 'Conferences' and 'Congresses' of writers in different sections of this country have been nonpolitical and have tended to define differences of opinion rather than concord; certainly, no program or dogma has emerged. The regional impulse in economic and political terms may be gaining ground and, conceivably, may achieve practical implementation, but as yet there is no formal connection between it and the literary regionalism. For the most part, the economists, editors, sociologists, and politicians who have favored a regional program of some kind have not done literature the honor done it by the Communist Party or those of communist sympathy; which may be as well, in the long run, for the writer. In some instances the philosophical presuppositions of the two types of regionalism may be in conflict, and the common name merely obscures a number of issues. Further, most of the regional writers — though this is speculation — appear to be dissatisfied with both of the dominant parties as well as with communism; and, in so far as they have acted politically, have acted as individuals and have proposed no specific connection between a literary and a political program.

I have enumerated a number of antitheses between the regional and the proletarian writer. But there is one important aspect which the two movements, as literary movements, share in common: both are revolutionary. Both the proletarian and the regional writer are dissatisfied with the present relation of the writer to society. The destructive criticism, the negative side of the argument, which is leveled against the present

condition, may frequently be presented in terms of either the regional or the proletarian movement; both may be said to be opposed to finance-capitalism and to resent the indignity heaped by that system of society upon the creative impulse, indignity which has succeeded in estranging the artist from society and from the proper exercise of his function as 'a man speaking to men.' To heal that rupture, to come to accord with the self and with society, may be taken, in so far as the writers are concerned, as the underlying motivation of both movements.

Both movements have developed a certain faddishness. This is inevitable, and does not imply, necessarily, a criticism of the ideas of either movement. It is inevitable for two reasons. First, either movement can be used for purposes of sales promotion and advertising. So we find blurbs of this general type: 'This novel, by so-and-so, a young writer of unusual talent, presents a hitherto unexploited region'; or, 'This novel dramatically presents the issue that every thinking man of our time is pondering — the problem of social justice.' At the American Writers' Congress, Henry Hart said: 'At the moment, it is still possible for a publisher to say, as one of them said recently, "It's smart to be a communist."' It is not quite so smart, perhaps, to be 'regional,' but regionalism, also, offers some features for commercial exploitation, though features not so sensational.

That first reason for the development of the faddishness is really unimportant; it is simply the machinery for marketing books, good and bad, under the present system and the present standards of taste. The second reason is more important, and has to do rather with the writers than the readers or publishers. A writer may adopt one of the two literary modes for a variety of faddish reasons. He may do so simply because it is one way of making his work catch on; by identifying himself with a 'movement' he hopes to gain a stature which

his work has not earned on its strictly literary merits. He is the literary racketeer. Or the writer who simply wants to 'write' but has no real convictions may seize on a 'movement' because he thinks it will solve his literary problem by giving him, ready-made, a set of ideas and a theme and a subject. He is the literary humming-bird, sipping from one blossom after another, always on the move. The racketeer is contemptible, the humming-bird pathetic. They are the faddists, and the parasites. Today, both the regional and proletarian movements are full of them, and they are extremely vocal. Ten years ago, perhaps five, they were vocal in another 'movement'; five or ten years from now they will espouse some movement yet in the womb of Time.

The humming-bird is pathetic because he expects, always hopefully, something he can never get. He is looking for the easy solution. Naïvely, he attempts to solve his literary problems, and minister to his literary ambition, by seeking a theme on purely literary grounds. He may reason: Milton believed in God and wrote great poems; therefore, if I can persuade myself to believe in God I can write great poems too. Or: Hawthorne was essentially of New England and drew his themes from New England life, therefore, if I write about a 'region' I can write great novels too. Neither God nor regionalism is a literary problem; nor is social justice. A commitment made on these grounds is nothing more than the final demonstration of a writer's fatuity and emptiness. A commitment from such a motivation does nothing to enlarge the experience and mind of the writer as a man or citizen, for literature is but a function, not a cause, of life; and it does nothing to solve his literary difficulties, for the literary consideration has been introduced at the wrong level. The writer, having made the commitment, the profession of faith, feels himself already 'redeemed' as a writer, and is then content with the easy, obvious, and mechanical solution of the purely literary difficulties

that confront him when he sets to work. If he is a proletarian writer he feels that the mere presentation of propaganda, the mere fact of writing with the orthodox attitude about a working man or about a strike, is enough; if he is a regional writer he feels that the mere recording with the proper piety the details of folklore, the details of local color, the details of dialect, the love of the 'soil,' is enough. That is not enough.

But another type of superficial approach may be defined. Assume a writer whose concern with social justice, for instance, is legitimate, that is, non-literary, non-faddish, and truly passionate. His very sincerity, the very fact of the depth and mass of his concern, may not do more than imperil his achievement unless his sensibility is so attuned and his critical intelligence so developed that he can effect the true marriage of his convictions, his ideas, that is, his theme, with the concrete projection in experience, that is, his subject. Wordsworth wrote one of his most famous, and most instructive, passages of criticism on this point:

> From such verses the Poems in these volumes will be found distinguished at least by one mark of difference, that each of them has a worthy *purpose*. Not that I always began to write with a distinct purpose formally conceived; but habits of meditation have, I trust, so prompted and regulated my feelings, as that my descriptions of such objects as strongly excite those feelings, will be found to carry along with them a *purpose*.... For all good poetry is the spontaneous overflow of powerful feelings: and though this be true, Poems to which any value can be attached were never produced on any variety of subjects but by a man who, being possessed of more than usual organic sensibility, had also thought long and deeply.

Unless the writer understands the principle here enunciated he is probably committed to a program of perpetually illustrating and schematizing his ideas in

creaking structures of plot, wooden marionettes of character, and abstract and rhetorical dialogue. And he is also bound by a dogma of appropriate subject: the strike or the old homestead, as the case may be. But if his ideas are really assimilated, if he has 'thought long and deeply,' they will function without the machinery of illustration and will function in terms of any subject congenial to his powers. His works will be 'found to carry along with them a *purpose*.' As for the 'more than usual organic sensibility' — that is the act of God.

Part Four

The Illusion of the Leisure State

T. J. CAULEY

MANY of our people believe that we are on the fringe of an unlimited supply of goods and services of all sorts, and that, consequently, the necessity for economic sacrifice has disappeared. Just beyond us lies a land that floweth, not only with milk and honey, but with automobiles and gasoline and radios and electric refrigerators and oil furnaces and movie tickets and vacuum cleaners and silk hose and bridge prizes and elegant bathrooms and permanent waves and two-pants suits. Let us consider the foundations of the belief in the existence of the fair land 'beyond' and some of the more prominent plans for possessing it.

Of the numerous brain storms which have swept our country in recent years, Technocracy was one of the biggest and best. It boiled down to just about this: Machines and advanced industrial technology generally are capable of producing stupendous quantities of goods and services; and in doing so, they reduce very greatly the amount of human labor per unit of output. The inference, if we will only turn our whole economic system over to the control of technicians, is that they will give us titanic outpourings of goods and services, and that we shall have to work very little, if not less than little, in order to get these things.

It is true that applied science translated into terms of

industrial technology can apparently lead to an indefinite expansion in the production of goods and services generally. But this is true, of course, only if there be continuous change in techniques. Any one technique of industrial production — such, for example, as the manufacture of fuel for internal-combustion engines from petroleum — must sooner or later lead to the exhaustion of the available supply of the raw material; and if *all* the people are to be given *all* the gasoline they want, our supply of petroleum will be exhausted sooner rather than later.

It is quite probable, of course, that the chemists and technicians will develop some other satisfactory motor fuel when our petroleum is gone. But one result will be to render obsolete and valueless the stupendous capital equipment at present used in the manufacture and distribution of gasoline and other petroleum products.

This in itself will occasion a considerable economic and social disturbance.

But more serious from the standpoint of human welfare will be the destruction of the jobs of the hundreds of thousands of people who are employed in the manufacture of gasoline. They will become the victims of 'technological unemployment,' one of the prices of mechanical progress.

Some of these displaced workers will no doubt get jobs in the manufacture and distribution of the new substitute for gasoline. Many of the others, particularly the middle-aged and the older, never will find employment again. And most of those who get the new jobs will have to move to some other community in order to get them. The centers of the new industry will in all likelihood not coincide with those of the old. So long as there is technological advance of the kind that supplants one industry by another, there can be no real stability of community life; and there can be very little, if any, true family life. For in the last analysis, com-

munity life and family life have much the same essential bases.

New fortunes will be made in the new industry — which may be very pleasant for those who make them, although this, unfortunately, is not certain. Old fortunes based upon the old industry will crumble.

Matter is indestructible; and applied science and industrial technology may rework it endlessly. But the whole process is, of sheer necessity, one of ceaseless change and turmoil. Matter may be indestructible, but matter in any particular form is far from being inexhaustible, particularly if all of us are to have goods and services in as large quantities as we can be exhorted to desire.

Let everyone have all of everything that he can use and as much more as he will enjoy wasting, and any particular natural resource as it now exists will be exhausted in a surprisingly short time.

Then, of necessity under any economic system whatsoever, will come an interruption in production. And if our present economic system be continued, there will ensue a period of severe distress for those workers who are thrown out of employment by the exhaustion of the old technique and the industries based upon it. Human beings do not and cannot live on 'matter' as such. They need food, clothing, shelter; and although from the standpoint of the chemist the carbon in graphite may be the same as the carbon in a coconut pie, carbon as coconut is much more useful to a hungry man. And men who lose their jobs get hungry.

Even when a particular technique is developed to the point where so-called 'mass production' is possible, there are very definite limits to the 'economy' of such production. Take a typical product of mass production such as a low-priced automobile. The price at which it is finally delivered to the purchaser is about eight hundred dollars. Something like fifty dollars of this will represent

'carrying charges' or 'deferred-payment charges' or interest or whatever it may be called. In the South the freight charges from the factory will amount to about one hundred dollars. Another sizable item included in the eight hundred dollar total is the local dealer's commission. To begin with, of course, raw materials had to be purchased by the factory. There was advertising on a lavish scale to induce people to mortgage their future income further in order to buy the new automobiles. Altogether these items and others of the same general nature make up more than half of the eight hundred dollars. None of them is subject to much reduction by 'mass production.' On the contrary, some of them have arisen directly as a result of mass production. It would not be so difficult to sell automobiles if so many of them were not offered for sale. And the costs of 'deferred payments' would not be so exorbitant if it were not necessary to sell automobiles to people of poor credit-rating in order to dispose of the whole output. The same is true, of course, of salesmen's commissions and all that sort of thing.

To put all this in a different way: what proportion of the cost to the consumer of a mass-production article is represented by the factory costs — labor, power, light, heat, rent, but *not* machines? It appears certain that the cost of these items does not exceed ten per cent of the price paid by the final purchaser. Are not the raw materials and distribution costs more than fifty per cent of the costs of *all* mass-production commodities? The answer, according to available evidence, is decidedly in the affirmative. This simply means that the field within which mass production can indefinitely lower costs is far more limited than is commonly thought.

Some people profess to get satisfaction out of the constant changes in the mode of living brought about by technological advance and its attendant upheavals. They find the change exciting and diverting. So it is to

a certain extent, no doubt. Excitement at infrequent intervals is unquestionably good, but excitement as a steady diet is something else. And excitement is most enjoyable if it be merely on the surface of life with a good solid foundation of economic and social stability underneath it. But the excitement afforded by high-speed technological change is notably lacking in a solid foundation of any sort. And this lack is a vital one so far as the great majority of the people are concerned.

It can be argued, of course, that most, if not all, of this lack of social and economic stability brought about by technological change is subject to elimination through proper control and guidance of the process. Technological unemployment and general interruptions of the production process which have followed significant technological advances in times past have really been due, it can be argued, to the *laissez-faire* nature of our economic system. Private enterprise based upon the profit motive has been the real villain of the piece and not technological advance as such.

There may be some truth in this contention. That is, it may be that under a system of socialism or communism or fascism the woes of technological unemployment, both of labor and of capital equipment, could be considerably mitigated, or to some extent eliminated. Some serious questions arise in this connection, however.

In the first place, how much technological advance will there be under communism or fascism? I am not taking the naïve, not to say ridiculous, attitude of the Rotary Club speakers to the effect that all of the discoveries of science have been the result of the desire of someone to make money. Most decidedly this is not and has not been true of what we call 'pure science.' It has not been true entirely of what we term the 'applied sciences,' though most research in applied science nowadays is financed by large industrial corporations which most decidedly do expect to make a profit out of the discoveries which are made.

It is probable at any rate that advance in technology will not be as rapid in a country controlled by a dictatorship, either communist or fascist, as it has been in capitalist countries with freedom of enterprise. But if consumption of goods and services, and thus their production, is to be greatly increased — and all the new systems call for or contemplate such an increase — there will be an even greater need for rapid technological change in communist and fascist countries than elsewhere.

In the second place, granting that a communist or fascist dictatorship could so organize and motivate its citizens to proceed with the research and other activities that are necessary to technological advance, can the new discoveries be translated into actual production — and subsequent consumption — smoothly enough and rapidly enough not to disrupt the functioning of the system? There is good reason to believe that they cannot. When the high level of consumption contemplated in a communist country leads to the exhaustion of a certain technique of production and the scrapping of the industries based upon it, the development of new industries based upon a new technique will occasion just as much geographical or territorial dislocation of workers and their families as in a capitalist system.

Whether or not technology can do the things which have been claimed for it, it must be remembered that there is a vast difference between *leisure* and *idleness*. Leisure is a noble pursuit; idleness is a mere state of being bored in the extreme. Of the two, leisure and idleness, which is a technocracy or a communist state more apt to give to the mass of the people, granting that such systems 'succeed'?

Without established community life and the ties and interests which go with them, without much in the way of stable family life, without property or material attachments of any sort, the people, living under a dictator-

ship — communist, fascist, technocratic, or what not — give small promise indeed of being able to achieve true leisure. The bases of a true leisure will simply be lacking in any such system regardless of the number of hours of work per day which may be necessary to produce the vast quantities of goods and services contemplated.

There are several million people in this country — the great army of the unemployed — who have worked little or none for the past several years; but it is certain that the big majority of them, even those on the dole, have not enjoyed 'leisure' in the meantime. Their case is extreme, of course, but the principle involved is one to be pondered. For normal human beings there appears to be no question but that work is one of the fundamental sources of satisfaction. Thorstein Veblen's 'instinct of workmanship' may not stand up under the criticism of the new psychologies; but undoubtedly something of the sort does exist in the make-up of the great majority of people. And it is not clear how a highly mechanized system of production, even with short working days, can do much toward enabling the people to satisfy this desire.

And there is little room for freedom of choice under a dictatorship. People must do what they are told to do, in the way they are told to do it, and no back-talk. The problems of organizing and conducting mass production under a dictatorship are difficult enough, without the complication of 'human' desires. Under a dictatorship, the dictator says 'come' and you come, and he says 'go' and you go.

And there is another difficulty to be encountered along the pathway to the Elysian Fields of little work and big consumption. After all, the products of machine technology are satisfying only up to a certain point. A rich man — and his wife and children — can consume a lot of machine-made products; but in addition to these they want personal services. These services are of a

vast variety, but they all have in common the characteristic that some person must perform them. This simply means that if people in general want personal services, people in general must perform personal services. And if people in general must perform personal services, there can be no general cessation from work. In spite of all the ingenuity and human-like skill of machines, there are a lot of things they cannot do, a lot of human cravings and appetites which they cannot satisfy. The satisfaction of these desires must come from persons, and that means that persons must keep on working if people are to have the things they want. Either people will not get the personal services they want, or the people from whom such services are wanted will not get much leisure. This is inescapable.

And it is fairly certain that machine-made products and machine-rendered services cannot take the place of human services in satisfying our wants. Mechanized amusements and recreation have developed stupendously in recent years, but it is doubtful how humanly satisfying the results have been. One author has put the problem in this way:

> The question is whether man can live by jumping-jacks alone. The statesmen of imperial Rome had a formula for the diversion of the people. It was bread and circuses. Our machines may be taught to manufacture bread from sawdust but it is also possible that they may find circuses easier. Such appears to have been our recent experience. It would be interesting to attempt to measure how much of the lives of how many of the people are at present given to diverting themselves with cinema circuses and automotive jumping-jacks. This is not said in irony. Perhaps man can achieve his ultimate happiness in playing with machinery. Yet it seems a strange fate for an animal species designed by nature for sunshine and love-making.[1]

[1] W. E. Atkins and others: *Economic Behavior* (Houghton Mifflin Company, Boston, 1931, 2 vols.), II, 502.

When we come to consider specific proposals such as the late Senator Huey Long's 'Share-our-Wealth' plan and Upton Sinclair's 'E.P.I.C.,' we find schemes which are, in the first place, of very doubtful workability, and in the second place of extremely doubtful desirability. If such schemes did not lead to general or national bankruptcy, they would lead to a sort of back-door fascism or communism. They could not be carried out without upsetting the present economic and social organization of the country.

This would not necessarily constitute a calamity, of course, if it could be demonstrated that a superior system would replace it. Both the Long and the Sinclair schemes are directed primarily toward increasing the money incomes of certain classes of people and reducing those of others. The techniques proposed for accomplishing this do not include any feasible method for redistributing *property* among the people.

It is true that Huey Long proposed the levy of a graduated tax upon property itself, which he called a 'capital levy,' rather than a mere income tax. This tax was designed to make it impossible for any one person to own more than about four million dollars. Anyone owning property of any sort in excess of that amount would be forced to give it up.

But those persons now owning property of less than four million dollars value would obviously not have the means to purchase the properties taken by the government from the multi-millionaires. The Government would have to retain custody of all of this wealth for the time being.

There was a plan of a sort for distributing it, but the details are not clear. If a family possessed more than five thousand dollars worth of property free of debt, it would be left out of this part of the program. If it had less than five thousand dollars, it would receive part of the property taken from the plutocrats. Each one of the

twenty-seven million families in the United States would be assured of a home, an automobile, and a radio, all clear of debt.

The Senator urged further that the work week be cut to thirty hours or less, and that every worker be guaranteed at least one month's vacation every year. Finally he promised a yearly income of two thousand dollars to twenty-five hundred dollars for each family. It was essentially an unsecured promise; he never specified how such a schedule of wages and salaries and other incomes was to be maintained. As to the details of getting the vast aggregates of wealth now owned by the giant industrial corporations into the hands of small freeholders, the Kingfish was profoundly silent.

Apparently the problem of property ownership has not impressed the social planners at all. It is, nevertheless, of fundamental importance if there is to be the permanent redistribution of income which the 'plans' contemplate. There must be either a dictatorship to enforce this redistribution or a generally diffused ownership of property to support it.

And, to go one step further, there can apparently be no great permanency for a dictatorship. The life of a dictatorship is almost unavoidably limited by the life of the dictator. There is no such thing as a 'dictatorship of the proletariat.' A so-called 'dictatorship of the proletariat' turns out to be a dictatorship of some leader who is more or less honestly and zealously attempting to establish a dictatorship of the proletariat.

Thus, if there is to be a stable and permanent foundation for a redistribution of income, the foundation must be a general diffusion of property ownership, that is, a general diffusion of the *control* of the sources of income.

Assuming that our present system must be changed, there are two general directions in which the change may go: (1) toward a dictatorship, either communist or fascist; and (2) toward a democracy, based upon the

ownership of relatively small units of property by the people.

Thomas Jefferson was a democrat and founded a political party which has come to be called the Democratic Party. That party is now in control of our national Government and has within the past three years engaged in many practices and pursued many policies which are utterly foreign to the political philosophy of the father of the party. This is not, however, necessarily to the discredit of the present leaders of the party.

Thomas Jefferson lived and thought in terms of an economic system in which the great majority of the people were independent property owners. The slaves, of course, were an important exception, an exception which Jefferson regretted. Almost all the farmers owned their farms, and the number of propertyless wage-earners in the towns and cities was so small as to be almost negligible. And if a propertyless wage-earner did not like the conditions under which he worked, he could hike out to the West, take up good land on easy terms, and become an independent farmer.

It is obvious that these conditions no longer prevail. The present Democratic Administration is attempting to achieve economic stability and security for millions of propertyless people. The political practices of Thomas Jefferson are clearly not adequate to the task, for Jefferson was never confronted with such a problem.

But this does not mean that Jefferson's system and methods should be scrapped. They had stupendous merits. But if they are to be restored with any degree of economic and social satisfaction, there must be a general restoration of the conditions to which they were intended to apply.

Private property in the true sense of the term has disappeared from among us. Its restoration is essential if we are to escape dictatorship of one sort or another, and

achieve the goal of a nation of freeholders and democrats.

'Economy' is the process of making the best use of available resources, and 'economics' is a body of principles according to which this is done. But what constitutes the 'best use' in any particular case? This is a question of profound significance from the standpoint of human welfare and happiness. The 'science of economics' as such can give us absolutely no answer to it. If an answer is to be found, it will come from ethics or philosophy or politics. Not even statistics, with such elegant techniques as multiple correlation and the link-relative method among its implements, can tell us what is good for people.

Yet certain things are more or less evident. An economic system should serve to satisfy our simpler material wants, such as food, clothing, and shelter. Beyond this point there is infinite latitude for difference of opinion concerning the ultimate importance of material wants and their satisfaction.

In the second place, an economic system should contribute as much as possible to, or, at any rate, interfere as little as possible with, the satisfaction of our non-material wants — the cravings of the spirit, or the appetites, as the case may be; since there are many appetites the satisfaction of which does not call for calories or vitamins or mechanical gadgets and doodads.

What do we want, and why do we want what we do?

I should like to insist that ever-increasing industrial production is not the correct answer to the first part of the question, and that the Technocrats, the Share-the-Wealthers, and so on, have given essentially no thought to the latter part.

Liberty Under the Old Deal

HENRY CLAY EVANS, JR.

FOR a brief season during the post-war years, the word *liberty* was not uttered lightly in the Land of Freedom. It was a term to be watched with care. The army had not approved of it during the war, nor were military leaders in love with the word after peace returned. Big Business doubted its moral worth, while Prohibitionists were sure there was something wrong with it. Any man who stood for liberty one hundred per cent was under deep suspicion of belonging to a weird and detestable group known as the 'bolsheviki.' Then suddenly the word entered the vocabulary of respectable citizens. According to Mr. Herbert Hoover and Mr. Ogden Mills, we have had liberty all along, it seems, even when not mentioning it, but now we are about to lose it. In its place regimentation is appearing, and something must be done by patriots to stop it. For example, put a Republican in the White House in place of Mr. Roosevelt.

This is astonishing enough. But perhaps the most surprising event has been the Liberty League, a bipartisan organization of corporation lawyers in happy communion with disappointed politicians. These ardent defenders of things-as-they-used-to-be (before the stock market fell) are going 'to preserve American institutions which safeguard, to citizens in all walks of life, the right to liberty and the pursuit of happiness.'

It is the purpose of this article to make a detailed examination of the kind of freedom enjoyed in the days when Messrs. Hoover and Mills, along with the directors of the Liberty League, lived in a country of which they approved. At that time, of course, if anyone did not like this country, he should go back to Russia where he belonged. Today, when men do not like the country, they have the easier choice of joining the Liberty League.

Perhaps a brief historical background will be useful. We have been saving the country for liberty for a great many years. The story of this is closely connected with the history of the Republican Party, which came into being around the middle of the preceding century. The first words of its infancy were of freedom, which was to be given the black slave in the southern part of the Federal Union. The gesture is appealing as long as one forbears to look far into the background. Then the picture becomes more complex.

In order to bring such a boon to the Negro slave, it was necessary to conquer the Southern whites. They were deprived of the liberty of withdrawing from a union they did not care to maintain; they were forced to submit to ten years of military, carpetbagger, and Negro rule; they were frequently forbidden the freedom of petition, or assemblage, or of choosing their own governors in a democratic manner. The Republican Party guaranteed to the former slave his civil liberties by an amendment to the Constitution which forbade States to deprive any person of his rights of citizenship; then it was revealed that the new business corporations of the period were 'persons.' As a result, it was impossible for the ham-strung States to enact any laws to curb the monopolies which were throttling the liberties of small business men. So while romanticists thought about the Negroes, the courts paid closer attention to corporations; and the Republican Party

had registered another unique triumph in its battle for its own peculiar sort of liberty.

Down through the nineteenth century, the Fourteenth Amendment and the Republican Party fostered Big Business. Each year witnessed the collapse of independent business houses, the growth of large corporations, holding companies, and trusts. All the while, industrial magnates talked about liberty and celebrated the Fourth of July. By the turn of the century, it was apparent to the more intelligent part of the populace that the Grand Old Party, while pretending to worship liberty, was on the point of destroying it.

Revolt was in the air, but the Republicans pursued their course. Anyone who attacked the ruling order was a 'demagogue.' When Woodrow Wilson reached the White House with a vigorous program for breaking up business combines and curbing Big-Business pressure, he was a 'socialist.'

Everything charged against Mr. Roosevelt today was said just as bitterly about Woodrow Wilson twenty years ago. But a war intervened to save the Republicans. Most of Mr. Wilson's schemes were frustrated and he himself was broken. Industrialism, Big Business, and the Grand Old Party emerged triumphant. During the years which Messrs. Hoover and Mills hold so dear, the Republicans were again in charge.

They were still saving us — this time from a new danger. The communists were coming! And though they never arrived, they furnished a new set of epithets to be applied to all who did not like the Ruling Order. All impulses toward liberalism were viewed with misgiving. Never, since the days when the army ruled the Southern States, had Big Business faced less danger of opposition and revolt. With the aid of the Republican Party it gave the country the régime that it desired.

It was a topheavy régime for a Land of Freedom.

According to a Report on National Wealth and Income, issued by our Federal Trade Commission in the rosiest period, one per cent of the American people owned fifty-nine per cent of the wealth; while barely one tenth of the national riches was in the possession of the poorest eighty-seven per cent of the population. But that was not half the story.

We were also growing into a nation of employees. The absorption of independent business concerns by Big Business, which lovers of freedom had fought with bitterness, increased tenfold during the twenties. Hence the fate of an employee in one of these big concerns is surely a good case study of freedom in the America which the Liberty League loves to honor. Henry Ford is one of the heroes of the Old Order — a prototype of liberty; a champion of American individualism. But if one wants a picture of an average American in an industrial system, he surely goes into the factory rather than into the owner's office.

Nobody bossed Mr. Ford, not even Wall Street; he ran his own independent concern. But he told his employees whether they might smoke, or drink, or stay out late at nights.

Lift the curtain on the picture of an American employee at his daily tasks in any industrial machine. No future lay before him brighter than that of continued employment; though perhaps he would be promoted to a job where he could enjoy the experience of being master of other men's souls. Ability to do his work was only one asset on the road to success. There were other qualities demanded of him by his company, such as 'loyalty' and 'co-operation' — words that might carry with them some curious meanings.

The desire of the American worker was 'to obtain the maximum of freedom for showing what manner of man he was by the nature of his handiwork.' Such

was the observation of Whiting Williams after a sojourn as laborer himself in all manner of factories. The problem before every employee was to retain his job; his fear was the possibility of losing it. Seasonal lay-offs occurred in many industries; or sometimes the inefficiency of an owner or manager caused the closing of business concerns and factories.

But the general opinion of writers concerned with the vital subject of a worker's bread and butter was that disagreement with a foreman, or boss, was the daily threat to an employee's happiness and life. During the war, ninety-eight per cent of the labor disputes that the Government was called upon to solve simmered down finally to some petty quarrel between a foreman and his man, according to a member of the War Labor Board.

In many companies, well-organized and up-to-date, a daily 'progress card' was kept upon which were recorded all spoiled work, arguments, absences, insubordination, and other 'objective facts of importance' that would come up when there was a chance for promotion. This was a systematic way of protecting the employee from the sudden anger of his boss, it was explained. The record card could be reviewed when the boss reached a cooler moment. Sometimes these items, along with other information about a man's personal conduct, were listed in a *character rating*. Of course, absences from work were checked carefully. A visit by a company representative usually took place at the home of a worker after the first or second day of non-attendance. It might be 'a kindly act — or it might be an occasion for prying into purely personal affairs.' Without trained experience, admitted one student in the field of character rating, it was indeed difficult to distinguish between 'ability' and 'co-operation.'

'We have a flood of literature and special lectures and consultants,' wrote Hugo Diemer, 'preaching a

philosophy of success in which how to reach the boss, how to impress him, and how to sell him ideas, overshadow the importance of basic ability and honesty.... The typical climber wears a mask portraying the highest ethical standards and a cheerful modesty when in the presence of higher officials.... He knows what the boss and his wife like to eat, read, and talk about.'

Though it was not quite clear from then on whether the climber sent the boss baskets of groceries or merely set himself to eating similar food, the picture was a familiar one in modern business. It applied to a factory, a store, or merely a small managerial office where typists, office boys, and clerks lived in one happy 'co-operative' family. Stuart Chase had another name for them. 'The *yes-man* had no place in American pioneer tradition,' he observed. 'As the machine breeds specialization, increased technological unemployment, as mergers spread their threat to white-collar jobs, the case grows worse. The greater one's economic insecurity, the greater the tendency to sacrifice spiritual independence and to chant in dreary unison the simple credo of the yes-man. It is my contention that for uncounted millions of Americans the price of integrity is more than they can afford.'

The particular loss of integrity to which Mr. Chase referred was associated with the spy system under which employees were rewarded for reporting on their fellow workmen. Here organization reached the point of perfection. Naturally no one foreman or manager could tell at once how smoothly each cog was turning in the great machine; but a good neighbor cog loyal to his company could find it out the first day. Perhaps an employee had a capacity for individual thinking and for leading other men, that was dangerous to the smooth movement of a well-oiled mechanism. Whiting Williams told of one way to meet this menace: 'In too many instances such a report is likely to lead to the *planting*

of, say, a bottle of whiskey in the man's clothes, with the later discovery of it by the secret planter, who, in horror at such outrageous breaking of plant rules, lands the offender on the street.'

When the offender arrived on the outside pavement, the end of the drama was near. During the twenties he shared unemployment with at least two million other Americans. It was no easy matter to locate another job. 'Dismissal of a workman,' wrote Sidney Webb, 'involved serious dislocation of his life; the demoralization attendant upon looking for work; uprooting of his home; interruption of his children's schooling; many weeks of penury for his family.'

Yet it was not beyond reason that the offender on the outside pavement still had some ability within him that a trained observer could distinguish from 'co-operation.' Perhaps he could work well with another sort of boss. But his past record would ever rise to meet him.

'Except in the case of the most inexperienced novice, more consideration is probably given to the past industrial record of the applicant in determining his acceptance or rejection than to any other single factor,' wrote Dr. Donald Laird. '... We find prospective employers writing to previous employers for information about the skill and behavior of the applicant while in their employ. Other firms he has served, perhaps unsuccessfully, or perhaps with a record of fights, arguments, disobedience, dissatisfaction breeding, and so on, are certain not to be mentioned (in the references he carries with him). The obvious course in writing firms (to which he has referred) is to get a statement of the length of time in fact that the applicant served. Then if his employment record is complete for five years or more, the applicant is not holding out on probably unfavorable testimonials.' Small wonder Tead and Metcalf comment that 'the black-marking of a

man for a first offense may debar him from securing employment anywhere in the locality.' They might have added, And perhaps in the whole United States.

The check-up was now complete: Daily record card, visitors to the home, spying upon one's neighbor in the name of loyalty, ability to perform the job merely a secondary requirement, chanting the dreary song of the yes-man, an employer's blacklist for discharged workers. That was no exaggerated picture for a nation of employees; yet industry could justify every item in this familiar program. It was a normal development when a man's employment and livelihood depended upon the will and whim of a single superior in his business machine.

No institutions caught more readily the infectious spirit of the organized age than the new retail chain stores. Regulation was not only a necessity but a pleasure. Even the managers practiced the goose-step. One manager in Danville, Virginia, played baseball in the city league under an assumed name because his company frowned on outside activities; another in Gulfport, Mississippi, was forced to reject repeated invitations to join a fraternal lodge because it was against his management's policy. Pledges not to drink and smoke were ready for new employees to sign; then any backsliding could be punished by expulsion because a word of honor had been broken. A daily shave was a demand made by one firm, which also instructed its department heads as to the style, color, and cut of their clothes. The purchase of a private automobile by an employee was made the subject of another company's rules; a third showed a lively interest in the attitude of clerks toward hitch-hikers on a country road.

Behavior during business hours was only one part of the record card. 'We will not retain in our employ a man who, if married, does not enjoy the right kind of

home life. Neither will we retain a man who is unable to live within his means.' And in that way bank accounts entered the scope of the moral review. To the ordinary chain store the model life for an 'associate' was one wrapped up day and night in the business.

When such conditions were brought to the attention of any leader of industry and men, he was quite impatient with prattlings about liberty. Such methods were necessary in the interests of Efficiency. Anyhow, a fair-minded, tactful employer or manager could operate the system without wounding the feelings of his underlings; he might take every other method of discipline before he discharged one of his men. Not all firms stooped to use whiskey bottles in a choice frame-up.

But here a case study of liberty is being made for Mr. Hoover, Mr. Mills and the Liberty League, who hate regimentation and will not have it in American life. The system described above surely had within it no elements of human freedom; the possibilities for oppression were terrifying. Character ratings and record cards, moral guardians and a spy system; such are essential features of regimentation.

Big Business itself in time grew dubious of its own creation. As the twenties progressed, a new character was added to the drama; the personnel manager made his bow, with his life devoted to the human rights and happiness of employed men. The worthlessness of the whole system, as far as human liberty was concerned, quickly became apparent as a solution for the helplessness of employees was sought.

Personnel work was a flower of the World War. Though some factory and mill owners of an earlier age with a flair for righteousness had been paternal toward their men, the 'expert and devotee to science' was a twentieth-century product. A literature at once emerged from the presses about him; and in it first-hand

information was given out on the petty meanness that arose so easily in the organized system. But the point, of course, was that evils would now be wiped away; the personnel manager was going to be the dramatic defender of human rights.

As a true expert, however, he sought refuge in more 'record cards' than ever, and added mental tests for new men applying for work. They had already been used with private soldiers, school-children, and inmates of penitentiaries; it was time for industrial employees to come within their scope. One chain store, reaching out as usual for perfection, gave the same questions orally three times in order to keep a strict lookout for lying on the part of the applicant; then turned down any unfortunate who tapped his foot during the performance, since this showed nervous instability. But some flaw must have existed, as further records from the same store showed two employees finally being graduated into an insane asylum. At any rate, mental tests were a relief from the ever-present employer's blacklist; a man whose past record of 'non-co-operation' was choking him might be able to go through mumbo-jumbo successfully.

It was determined scientifically that employees needed recreation in order to work well, but they could hardly be allowed to seek it for themselves; so physical-culture drills entered the daily régime. There were set minutes in which every worker should relax; and thus the twitching of the muscles was supervised. Parks outside the window of a factory, swimming-pools, skating-rinks, moving-picture halls began to dot the industrial scene. A steel magnate delving deeply into the new lore thought of music, which, according to tradition, was used with effect on savage breasts. Orchestras, radios, brass bands, and pianos entered the worker's life. One valuable contribution came out of a canning factory where a manager discovered that a

radio delivered its biggest *kick* if the employees paid for it themselves. 'Discontent,' commented an observer, 'is now being smothered under fried fish, potato salad, and ice cream. The workers are kept so busy being grateful that they have little time for grousing.'

Boldly science tackled the tender relationships between man and boss; it remodeled the latter. No longer was the model boss a hard-boiled foreman who dared his workers to start something. Now he must have 'a ready smile, preferably with a tooth or two missing (to look more democratic),' wrote Philip Wagner. 'He must have a ruddy complexion and a hearty Y.M.C.A. manner.' Meantime personnel managers spoke eloquently of the 'human element,' which they treated with 'the dispassionate engineering point of view.' Thrift experts taught employees how to invest wages in the stock of the company; that not only gave them more interest in their firm, but made it tougher on the heartstrings in case any parting seemed necessary. Intriguing little devices to reward the well-behaved by means of bonuses were also invented.

But there was a limit to all good movements, as a shoe company in New York State discovered. There the happy family of workers who had invested in company stock began to wonder out loud about the profits they were supposed to receive. Rebellion was quickly nipped in the bud with a reprimand from the president: 'The profit-sharing is not necessarily a permanent plan. To those who are dissatisfied with the results of last year's business, I recommend a prompt resignation.... I wish such would quit. I am sincere in this wish.' The happy family was beginning to resemble Uncle Tom's Cabin, with Eliza going out on the ice after dark. But when murmurs died out, uplift re-entered. The president, like a fond father, gave the children a golf course where for modest fees they might play the same game he did at his more select clubs.

There still remained the fact that men went into outer darkness whenever they displeased the next cog higher up in the system. So along with personnel managers came committees of fellow workers to pass upon an employee's dismissal; also to confer on questions of company management. It did seem cynical to doubt the virtue of this reform; on paper the plan sounded excellent. But labor unions, which had devoted more than a century of attention to employee rights, suspected the shop committees from the start; they sounded like a pallid substitute for union pressure. When Professor Herbert Feis, of the University of Cincinnati, began to investigate their operations, he found that the calendar of business consisted mainly of a report of management decisions brought forward at previous meetings; then petty grievances were briefly considered. 'Co-operation' was still at work, with employees doing the *co*-ing.

The Filene Store, of Boston, was franker than most companies. It permitted to be published the entire proceedings of a case in which a shop committee heard the plea of an elevator operator to keep his job when his boss wanted to fire him. It was presented as an example of fairness in modern industry; as a case study in modern liberty its revelations were startling.

Joe Dodge, the fictitious name given the criminal, had been found guilty of 'freshness' by an overseer of elevator boys. So 'charges' were preferred before the shop committee; 'defense and prosecuting attorneys' were named; and all the trappings of a murder trial were assembled — except, mercifully, a gaping crowd, since the proceedings were held in secret. It was perhaps not a happy afternoon for Joe, who faced the moral dangers of unemployment so well described elsewhere by Sidney Webb; but the other performers apparently enjoyed themselves hugely.

Joe was a good lawyer himself. One high moment came when he was allowed to question Miss White, a saleslady who took the rôle of witness for 'the prosecution.' According to court records, the following valuable testimony was brought out:

A. (from Miss White): 'I was waiting to go down.'
Q. (from Joe): 'I beg to differ; you were going up.'
A. 'I was waiting to go down.'
Q. 'It was when I went down that I asked you which way you were going. You said you were going up.'
A. 'I did not.'
Q. (from Joe's attorney): 'Is it your understanding that the young lady called you a liar?'

After the upward-downward movement had been threshed out, another serious charge developed. Joe, with his mind set on the old-fashioned household motto of 'Safety First,' had refused to load his elevator with as many passengers as the boss desired. Then on another occasion Joe told a saleslady to mind her own business. From these crimes Joe was eventually declared Not Guilty by a vote of 7 to 5, but he was duly warned that from then on his boss could dismiss him for the slightest grievance, and he was also suspended two weeks without pay.

The jury of committeemen sympathized with the boss. Joe evidently had too many brains to operate an elevator properly. But of course the way of the wicked turned out to be hard, and after two months Joe resigned. The boss had known all along that he would; he was that type. With his usual 'freshness,' Joe declared in resigning that 'the executive was prejudiced against him.' Evidently the path of 'co-operation' was still just about the same. What happened to Joe after that we do not know; it did seem that his admitted brain power might be used somewhere. But he was a member of the employer's blacklist, and there were millions of other unemployed Americans also clamoring for a right to live.

The case of Joe Dodge in the end merely served to emphasize the fact that bigness in organization precludes real liberty. 'Liberty,' says Mr. Hoover, 'is a thing of the spirit'; and perhaps that is what is the matter with his own peculiar type of the commodity. But for the ordinary run of us, it is a matter distinctly practical. It has to do with our relations every day to other human beings. When one man's livelihood depends absolutely upon the opinions and whims of a superior higher up in a system, then that man is not free. His privilege of casting one vote at a civic or national election is of no help to him whatsoever. His position in a privately owned business concern is the same as if he were in a government bureau; he is the member of a regiment, in spite of all that the Liberty League may say about it.

But the leaders of industry simply closed their eyes to what was going on beneath them. At the top they were still smug in their own independence. At the outer fringe, the farmers looked on bewildered. A freedom that involved a mortgage on a farm was not impressive. Industrialism was moving into the farming regions every year; if it did not take freedom away from the farmers, it exploited them so thoroughly that freedom was hardly worth while.

It was a restless, unhappy civilization buoyed by one hope alone — and that one wrapped up in a small line of tape that ticked in an endless stream from machines located in brokers' offices. Stocks and bonds were always rising and the humblest worker had been taught to invest his savings. According to some of the most reputable economists, this happy feature of the period would never end; stocks and bonds had reached 'a permanently high plateau.'

The imaginary future did hold after all some other hope than the never-ending monotony of an employee's life. Even the thrift experts of the companies them-

selves spoke of the promise of future profits. Some day stocks and bonds would reach such dizzy heights that an independent income would be the fortune of a faithful, obedient worker who 'co-operated' and saved. Then he could withdraw from the great system and cease to worry about its workings, for they would no longer affect him. Then he would be a free man — that is, a man who did not work. A republic that had been founded on the dignity of labor had evolved an industrial system whose members found happiness only by escaping from its clutches.

At the close of the period, every economic movement that tended to destroy small independent business and small free farms was being encouraged by the ruling order. The only system ever evolved in the world to insure genuine human liberty was being submerged under business efficiency. In the midst of it, Herbert Hoover was lauding American individualism. The old familiar game was being played once more, according to the rules used in 1860, 1880, and 1900. The Republican Party, while pretending to worship liberty, was doing everything in its power to destroy it. In the history of political democracies, it is doubtful whether any other party has ever had such an unblemished record for insincerity.

As far as the Liberty League is concerned, even the Democrats so carefully elected to high posts in the organization, in order to keep the bi-partisan flavor, seem to regard the America of the twenties as a Land of Freedom — as contrasted with America today when freedom is on the run. The devotion paid to liberty by members of the noble order ought to be appreciated by Liberals all over the globe. But a picture of the inside of their minds would be as interesting as any of their tracts on the Bill of Rights. It would surely give the appearance of a crossword puzzle. Every objection

they offer now to regimentation by government bureaus would apply with equal force to that régime which most of them helped to produce and to which none of them seem to object. The only charitable explanation to be given for their present performance is that they have no comprehension whatever of that economic and social order that stands to them for liberty.

The Emancipated Woman

MARY SHATTUCK FISHER

I

TO CALL the modern American woman free is as false as to call modern America a democracy, and for the same reasons. She is not living in a world whose values are based on a sense of the worth of human beings, or one characterized by equality before the law and equality of opportunity. That is why she is not free, however 'emancipated.' It is also the reason why America is not a democracy.

But there is little point in discussing woman's freedom, from what and for what, and its relationship to democracy, until modern woman herself has been more closely considered. Who is she, anyhow, this New Woman of present-day America, who is bringing down upon her own and her sisters' heads such confusion of resentment, praise, fear, ridicule, and respect? What is she doing in this happy period of opportunity to which, at long last, the vote, increased educational advantages, and participation in industry and the professions have brought her? How does she feel about life and herself in this new freedom? What is she thinking and planning? How does she compare with her grandmother and her great-grandmother, those reputedly sturdier-fibered females who knew their place in the scheme of things and held it?

Except for purposes of rhetoric there is, of course, no Modern American Woman; there was no Pioneer

Woman. There are instead millions of individual women with varied endowments and opportunities living here and now, as millions of women lived before them, human beings doing what they can to get along in a strange and insecure world. Some of them have a better time of it than others.

Miss Smith, for example, is one of them. Miss Smith is forty-three, and an unmarried professional woman. She has survived the depression with almost no embarrassment, and still lives comfortably and alone in an expensive clubhouse for business and professional women. True, she had to give up two summers in Europe to help her brother's children; but that sacrifice has not interfered with her own standard of living, with her seeing plays, her lecture courses, or her art. Her interest in political and economic questions is 'intelligent' but slight compared to her earnest seeking after development of personality and culture.

Mrs. Jones is forty and, like Miss Smith, a college graduate. She lives in a very restricted suburb and concentrates most of her time and energy, and much of her husband's income, on keeping her weight down. Nothing pleases her more than to be taken for her own daughter. It is surprising how smart she can look in her daughter's dresses. Size sixteen covers it.

Miss White has been teaching in a small city for fifteen years, looking forward the last eight to her own home and family. Now that she is free to marry — she has paid back the money she borrowed to go to normal school, and her two younger sisters are at last through college — it is too late. Her fiancé lost his position a year ago, just before her school board announced their new policy that no married woman could remain on the pay-roll.

Mrs. Green was studying music until her marriage ten years ago, when she gladly gave up professional aspirations to become a home-maker. Five years ago

her husband joined the unemployed. She can't remember how they did get along until, two years ago, she was able to secure his old position at a greatly reduced salary. The firm refused to re-employ Mr. Green at the salary offered her. They explained that they did not wish to lower wage standards. Since then Mr. Green has been doing his best to keep house and train two small sons while his wife does his old job in his old office.

Mrs. Hall works, too, in a newspaper office with her husband. Their combined earnings barely support themselves, one small son, and a four-room apartment. It is only by sharing responsibilities inside the house as well as out that these two have managed while still young to marry and start a family. They are both too robust to think two parents and one child very much of a family. 'Sure, it's tough on Johnnie to be an only child,' his father says, 'but, hell, he's *got* to be!'

Mrs. Jackson has a family, but she has managed differently. She is a colored girl under twenty who used to work in a laundry. There never was a Mr. Jackson, but there are two children. For the moment Mrs. Jackson is comparatively comfortable. Because she keeps the children with her, she is entitled to home relief. Because she has home relief, she no longer needs to sleep with every man who comes along, but can choose the ones she comes nearest to liking.

Mary Whittaker is one of the fortunate girls who work in a Detroit automobile factory. She is supporting a family of four, and cannot risk the loss of a single day's pay — which incidentally is half of what a man gets for doing the same work. She felt she was fortunate to have a job, and she stuck to it. She was also fortunate in having a thirty-minute lunch period in which to give birth to her baby in the factory washroom.

Mary Whittaker's younger sister is doing what she can, too, to help keep the family together. She sells stockings from door to door. She also carries with her

a certificate signed by a city health official, which makes it easier for her to sell men something other than stockings.

These women all exist, and each is in important respects typical of thousands of other women; typical, too, of the new freedom which exalts the modern American woman. Truly a varied freedom: freedom to live alone with second-hand culture; freedom to keep weight down; freedom to go on teaching other people's children; freedom to work in an office while a husband keeps house and cares for the children; freedom to work by a husband's side in an office and over the dishpan, and to have one child, but one child only; freedom for a time to refuse to sleep with someone; freedom to bear a child in a washroom.

True, these and their kind are not the only women in America. There are also such women as Jane Addams, Frances Perkins, Amelia Earheart, Edna Millay, and scores of others who have achieved much in their own right, and honorably. Theirs are the names which come to mind when people speak of the New Woman. But these others too — these Smiths, Browns, Joneses, Jacksons, and Whittakers — belong to the age of women's freedom, are citizens of our alleged democracy. They must be taken into account.

They are not even underprivileged. From one point of view at least they are fortunate citizens. They are not unemployed, not even the prostitutes. Besides, most of them have had superior educational advantages. Two were not able to stay in school after fourteen, but the rest had high school, normal school, or college educations. Their parents, more likely than not, were typical Americans of a generation ago in that they took children for granted and struggled to give them more advantages than they themselves had had, believing simply in education and democracy. They had faith in their children's future.

But how do the women who have been described feel about their own children? Two have none; one because she chose, the other because she was not free to choose otherwise. One, supporting her family, lives in dread of becoming pregnant, and has grown overprotective and anxious about the two sons she has. The woman who wants more than her only child but cannot afford another still deeply hopes that birth-control will fail her, because they would 'manage somehow if it did happen' — though neither she nor her husband is willing now to take such a step deliberately.

The suburban wife is too much involved in denying the present to think about the future. She is relieved that only once did she have to subject her figure to the strain of pregnancy.

It is not easy to know how the Detroit worker feels about the future of her baby. It died in the washroom.

Perhaps in a way she was more fortunate than many other women who have emerged into such freedom as one finds in Detroit and such places. She did have a baby. But she, like them, is perhaps the commonest type of the women of the New Freedom — free to serve machines, free to starve, free to go on the streets.

There is little choice among such freedoms.

II

Many critics of the modern scene complain, and eloquently, that this very presence of women in industry and the professions is largely responsible for existing economic and social dislocation. Such critics are more voluble than informed. The actual social impact of the employment of women is still to be understood.

Not even the natural perversity of women, nor their apparent willingness to work for lower wages than men, nor their inner compulsions to prove their equality, nor their eagerness to express themselves, nor their

going out of their homes, is enough to explain all. Not all these factors taken together and magnified into a first cause by emotion and insecurity in the critic can account for eleven million working women, four million of whom are married. They cannot account for the fact that half of all the professional workers in the United States are women, or for the fact that, once employed, women are less insecure in their employment than men.

The process of following the job, seeking outlet and opportunity in business or the professions, still continues, with inevitable changes in attitude on the part of both men and women, as well as confusion as to what changes in important social institutions are to be anticipated, or how they can be evaluated. The hard cold fact is that increasing numbers of women are working as they can, where they can, when they can — because they must. They must support themselves, their parents' families, or their own families, and have no choice in the matter. Half of the four million married working women are at present the chief or sole support of their husbands and children.

The fact that some of these women are finding unsuspected release of interest and energy in their work does not alter the compulsory nature of their employment. And the compulsory nature of their employment opens up questions of a more complex kind, and of a more fundamental nature, than the economic one — questions of values in human relations.

Women understand as little about these high matters as men. (They could hardly understand less.) They do not understand that it is the disorganized state of industry, the low scale of men's industrial and agricultural earnings, and the resulting pressure of poverty and insecurity which force them to become wage slaves; or, if married, to carry the double burden of maternity and employment. They do not suspect that the present development of productive forces could provide the

groundwork for more security and more happiness if only it were operated on democratic principles. They are too bitterly deprived, too much concerned with keeping alive, to care to understand such matters.

But there are still other women, hundreds of thousands of them, who have never been concerned with the problem of keeping alive. They too do not understand, these unoccupied women of America. In spite of their leisure, their freedom from responsibility for household duties and children — they can pay for such freedom, and, judging by the amounts paid, they set no high value on it — their interests are limited largely to personal concerns and personal vanities. Trained and brought out to attract men, they face failure if they do not achieve socially 'successful' marriages. Yet marriage does not prevent frustration. Even being an unnecessary wife in a series of 'successful' marriages does not prevent frustration.

They do not understand, these sheltered, privileged women of modern America, that a fuller life is possible, that indirect satisfactions, life at second hand, leave much to be desired. Least of all do they understand the part their own vanity and irresponsibility have played in bringing about the social and economic disorganization of their country. They have aided and abetted American men in the degrading belief that gainful economic activity is the only satisfactory and worthy end of life. They have not seen the difference between what is life and what are its symbols. They have urged men on to the destruction of their own lives and the lives of their children because they too believe that merely to make money is to be successful.

III

For other straining critics, it is the presence of women in politics and affairs of government that is to be viewed

with loud alarm. This in spite of the fact that up to the present women have proved far less effective — to state it mildly — than millions dared hope in 1920. Women have not even attempted to turn things upside down, as it was once feared they would do; instead, they have stayed admirably close to their time-honored and man-approved feminine rôle. Their first use of enfranchisement has been the effort to do more effectively what women have always been supposed to do — help one another in childbirth, protect the weak, relieve suffering, and care for children. Some progress has been made. More can be expected when women understand the essential conflict between making America a safe and suitable place to bear and rear children and guaranteeing profit to the producers of marketable goods. All too many women at present work hard and sincerely for the abolition of child labor, or protest against the exploitation of women in industry, while they live comfortably on dividends produced by such labor, and never think to strike deeper at the heart of the system.

Many more women are inconsistent in another way. They fail to use the vote for which they struggled long and valiantly, perhaps even violently. The reasons are fairly clear. They are not voters because they are not yet citizens. They do not know enough about affairs of government to care about them, let alone to vote intelligently. For women — like their male relatives — are ignorant, bewildered, helpless, or indifferent in the face of concealed minorities, of machine government and political corruption. They are coming to feel that it is no use to vote, that nothing can be done about such things, forgetting that the vote, after all, is an existing means of expressing choice and assuming responsibility.

There is, of course, no reliable way by which credit or blame for voting or non-voting can be assigned to women as compared to men, since the sex of the voter does not appear on the ballot. What surveys and studies

there are, however, show that men still have better voting records than women. The same data show other and more important tendencies which are highly significant to men and women still having the temerity or the faith to believe in and work for the establishment of democracy in America. Both men and women have better records as voters if they are married, if they own property, and if they have permanent residences. In other words, given the security which marriage and roots in one's own community afford, both men and women take their citizenship more seriously. When such security is possible for the majority of American citizens — when the people own America — then, and then only, will America become democratic. Women, too, will be citizens in that new democracy.

IV

What part will women play in building a new America? Have they learned anything important or new about themselves, or about life, in the new freedom to which their 'emancipation' has brought them?

The first question can best be answered in terms of the second. The second is being answered directly here and now in the lives of many American women. For there are some women in America today who have been free to choose their own way of life. What is possible for them will be increasingly possible for their daughters and granddaughters if, and only if, America decides to become a democracy.

These fortunate women were growing up three or four decades ago in cities, in small towns, and on farms all over America. Many of them were the daughters of professional men whose lives, and whose families' lives, were not oriented toward profit. Their mothers, too, shared their husbands' values, and believed that the first duty of parents was to give their children ideals and

an education. To many of the mothers, education for the daughters was more important even than education for the sons. For to them a college education for women symbolized a new freedom, a new dignity, and a new way of life. Because they themselves had been born too soon, they planned and sacrificed for their daughters' futures. Some even felt that marriage was unimportant; it had been their lot, and had left them unfulfilled. 'Any girl can get married.' They urged their daughters to be steadfast in their purpose.

The daughters of these women are teaching in colleges, contributing to scholarship, holding responsible administrative and executive positions, working in laboratories and studios, practicing medicine and even law. They are genuine, mellow, and for the most part mature people. If their specialization has narrowed their experience of life, it has also given depth and integrity. Many of them are frank to admit that they wish they might have had families too, but they find no real quarrel with their mothers' dreams. Theirs has been the fulfillment. They pass their heritage to other women's children.

Other daughters of these non-profit-oriented parents grew up with different expectations. They belonged to large families, they liked bringing up the babies, cooking and keeping house, and they enjoyed the rough-and-tumble comradeship of brothers and brothers' friends. They grew up fully expecting to get jobs and have homes and children just as their brothers did. Many have done just that — not to compete with men, not to prove their superiority, but naturally, because they are happier working, or because they have some gift or ability that is good to use. These women take it for granted that men and women are not fundamentally different in the variety of their possibilities and endowments, excepting always, that if there are children women will bear them. Most of them have found marriage and motherhood

satisfying and creative. They believe, because they have experienced it, that it is possible to work out an American way of life in which men and women will share responsibility — a way of life marked by dignity and generosity.

Women have always tried to wrest from life the heritage they want for their own children, but these women who are wives and mothers as well as workers are beginning to see that the heritage of their children is inseparable from the heritage of other women's children, that no gain is clear which is someone else's loss. They believe in the worth of life, and in equality of opportunity.

Even though they are working because they choose to work, because they are happier so, they have not gone unscarred in these post-war years. Many of them have seen their husbands suffer defeat and humiliation because of the depression. They have been powerless to help except by trying to make their own energies stretch farther, knowing at the same time that their very success was complicating their husbands' problems.

Most of them have had to limit the size of their families for economic reasons, sacrificing the pattern of family life which they and their husbands really prefer for themselves and their children. They believe in birth-control; but they believe that it is more important to be free to have children than to be free not to have them. They do not care to perpetuate the existing social order at the expense of human nature, or to deny women the right to have children in order to make them more regular and reliable productive units in an inhuman and decaying economic system.

These women do not want their husbands' jobs; they do not want to take men's places. They want to be effective and responsible citizens, to contribute what they can to their communities. They do not want their children to grow up in big cities. They want for their

children the kind of closeness to reality, the variety of experiences, the satisfaction of performing simple and necessary tasks, which they themselves knew in their childhood homes. They know that their children must be prepared to meet change, and they believe that there is no better preparation for it than to have roots, to have love for and faith in the homely things of life. They want them to have the courage to be themselves. They want them to create a free and democratic America.

A Plea to the Protestant Churches

CLEANTH BROOKS

THE war between science and Protestantism is over. Perhaps it was an unnecessary war — perhaps it need never have been fought. In any case, the proponents of Protestantism have been defeated; they have been worse than defeated: they have been converted.

In saying this, I am not underestimating the present strength of Fundamentalism. It is impressive. But its strength is chiefly in rural areas and is bound up with an older generation. The intellectual leaders of Protestantism, almost to a man, are not Fundamentalists; and Fundamentalism deprived of leaders, it is safe to predict, will not be able to survive the present intellectual climate.

One can be, and perhaps should be, thoroughly sympathetic with the Liberal Protestant in his unconscious capitulation to the enemy. As a man and as a citizen, he has coveted intercourse with other intellectuals. He has naturally found the cruder aspects of Fundamentalism repugnant. Moreover, he has become acutely conscious of the hiatus existing between the dominant interests of modern America and specifically religious interests. At his best, therefore, he has repudiated the close alliance between the church and the *status quo*. I am not forgetting that many of his brother Protestants still repose in a sturdy unconscious-

ness of any discrepancies existing between a Christian civilization and the Liberty League's enlightened American capitalism. But the number of Protestant leaders who have broken with the *status quo* is much larger than most people believe. And it is growing larger. And it is with this group — a group which contains not only the intellectuals but many of the most sincere spirits — that the future of American Protestantism rests.

The Liberal Protestant's repudiation of Fundamentalism on the one hand and of our unchristian society on the other ought to allow us to see his religion itself in some purity, naked and unencumbered. But what one sees immediately raises the question: can Protestantism possibly survive another reformation without becoming reformed out of existence — that is, reformed out of existence as a religion? This last reformation has indeed come very close to leaving the Liberal Protestant up in the air. His position has thus far been primarily negative: in theology, emphasis on accommodating religion to science; in ethics, emphasis on a radical criticism of the present-day economic system. And as between the two, morals have been much more heavily emphasized than theology. Sermons and articles are full of this sort of thing: 'some other set of economic ideals which will be more Christian'; 'if necessary, Capitalism must be radically modified'; 'is Communism consonant with Christianity?'

As the position becomes more positive, it tends toward a Christian socialism or communism, though here again it is vague. And it is the *religious* element that is vague — the relation of Christianity to the secular and temporal political program. If pressure is applied, one may predict that the Christian element will have to make room for the communistic. The sociological aspect of Christianity may seem to fit rather easily into the communistic scheme. But Christianity has his-

torically included much more than a sociology. And if Christianity and communism seem to square easily with each other in their concern for the oppressed and exploited, an examination of the pronouncements of Liberal Protestantism will reveal very frail defenses against non-Christian attitudes on other relationships. For present-day Protestantism is already so far secularized that under pressure it might easily be forced to sell the pass completely. One may sum up as follows: In Protestantism's emphasis on the social gospel, in its regenerated zeal and concern for the conditions in which men live, is it proposing to carry out a Christian program? Or has it, under the influence of our contemporary scientific climate, become merely a socio-political program? The question is a serious one and it is asked seriously out of a great deal of respect for the sincerity of those religious leaders who have had to brave the disfavor of their wealthy, Big-Business parishioners.

An answer to this question involves, of course, a definition of religion and implies a particular position on the relation of religion to science. Perhaps it is best to indicate briefly and rapidly what the writer's position on that question is; for, however obvious the following propositions may be, Liberal Protestantism is not acting upon a realization of them.

In the first place, science cannot prove its underlying assumptions. They must be, literally, *assumed*. And in the second place, science has nothing to say about values. Science always prefaces its prescriptions with an *if*: *if* you want this result, then take this means. Science is quite properly technician-in-chief to civilization: it defines the means to be employed for the attainment of various objectives. But it cannot be the pilot. It cannot — as science — name the objectives. That is the function of religion, if religion is to have any function at all. And religion may be roughly defined

as that system of basic values which underlies a civilization.

Liberal Protestantism, however, in its anxiety to live amicably with science, has schooled itself upon a scientific discipline almost exclusively. The discipline of the means is ultimately irrelevant to religion, which is a discipline of objectives, and has worked it much positive injury. That injury can perhaps be most clearly displayed by contrasting the scientific discipline with the discipline of art, a discipline to which Protestantism is historically antipathetic, and which the typical Liberal Protestant pastor noticeably lacks.

I prefer, for a particular reason, to contrast art with science, rather than religion with science. The qualities which art shares with religion are just those which Liberal Protestantism through its imitation of science has lost. For the Protestant reader, a contrast between religion and science may be neither clear nor emphatic. To say that Protestantism has so far lost its conception of religion that it is difficult to make it understand what it has lost is perhaps the most cruel thing that one could say about it. But I am availing myself of the privileges of a Protestant (perhaps to the limit) in speaking out on these matters; and I am serious; and I want to be understood.

In using the term *art*, I am perhaps inviting misconceptions. I obviously do not mean by *art* empty and frivolous decoration. My criticism of Protestantism is not that it lacks a properly restful ritual or a tasteful church architecture. I am using *art* in the sense of a description of experience which is concrete where that of science is abstract, many-sided where that of science is necessarily one-sided, and which involves the whole personality where science only involves one part, the intellect. These are qualities which are essential to worship, and a religion without worship is an anomaly. It deserves — if only to keep the issues clear — another

name. Religion is obviously more than art. A religion is anchored to certain supreme values, values which it affirms are eternal, not merely to be accepted for the moment through a 'willing suspension of disbelief.' But a religion which lacks the element of art is hardly a religion at all.

The injury done by the prevailing scientific discipline reveals itself ominously in many a liberal sermon. In the first place, science attempts an intellectual exposition. This can never be purely intellectual, of course, but complete purity is its goal. The argument is convincing in so far as the scientist can clear himself of all emotional factors, all considerations of value, all that might make the conclusion arrived at personally attractive to him. The sermon cannot properly avail itself of such conditions, and yet the typical liberal sermon often forces itself into just such a structure. It amounts to a lecture. It exposes a religion truncated in the direction of science.

In the second place, science attempts to conquer new areas for truth, consolidate its gains, and then move on to the conquest of further areas. Science is not only abstract but progressive. But if the Christian affirmations are in any sense eternal (qualify the term as you will), they are not points to be abandoned in favor of new truth, new discoveries. 'The Search for God' is all very well for a party of religious explorers; it hardly does for a religion which maintains that it has found Him.

If there is to be a search at all, it will have to be a search in something of the sense in which the poet explores himself in relation to the truth, pondering over it, relating it to various sets of conditions, but returning to it and working back to it as to a center rather than regarding it as a point on a line along which he continually advances. Here again Liberal Protestantism finds itself in a quandary. Granting acceptance

of the truth, what does it have to give? For the sinner, one may assume that it does have something. To the average congregation of 'converted,' it often finds itself with nothing further to offer. And this is perhaps the explanation for the Liberal Protestant pastor's offering book reviews, current events, sociology, etc. — more often than you would think — in lieu of worship.

In the third place, and of course most important, science is man-centered and 'practical.' Bertrand Russell is right, ultimately, in calling science 'power-knowledge.' And it is power-knowledge, of course, because it has man as its point of reference. It puts the handle into his hands so that he can *use* its information. If religion is a knowing also, a body of knowledge, it is hardly knowledge in this sense. It cannot be put to use — not in the sense in which science can be. And religion, again like art, is not man-centered in the same sense in which science is. To illustrate from art, the artist attempts something of a *rapprochement* with the universe outside him. Laying aside the practical motive, he tries to bring his interests into terms with larger, more universal interests.

Liberal Protestantism, on the basis of the books and articles which its leaders produce and the sermons which they preach, is pretty thoroughly man-centered, as a matter of emphasis at least. The fatherhood of God, one feels, is no longer the correlative of the brotherhood of man. The brotherhood of man tends to become an exclusive end in itself. There is little wonder that the most positive affirmation which Liberal Protestantism can make is apt to be some form of socialism.

One may illustrate this matter from *The Christian Century*, again expressing all sympathy for it and a good deal of thoroughly well-deserved praise. It is the strongest and most admirable of the Liberal Protestant publications, but because it is the strongest, it sets

forth in itself most cruelly the fundamental weakness of the group it represents.

Its views on economics, politics, and related matters are honest, forthright, and full. On these topics it resembles, and compares very favorably with, *The New Republic* and *The Nation*. It refuses to be lulled into a belief that the prevailing order is Christian in any but a nominal sense, and it criticizes affairs, domestic and foreign, vigorously and fearlessly. Yet the reader of this religious paper is aware of a sad weakness in its theology.

I am not trying to force a choice of extremes here. I am not asking that Protestantism devote itself to nothing but theology. I am simply pointing out that in so far as *The Christian Century* mirrors a group, that group is already far along the road to secularization. Where one's interests lie, to paraphrase the Scriptures, there lies one's heart also. And judged by *The Christian Century*, the hearts of the leaders of Liberal Protestantism lie in the realm of temporal affairs.

This is, of course, the fundamental explanation of the rise of the liturgical religions in the last decades. After discounting the cases of snobbery and the cases of those who wish a retreat from a disagreeable world into the peace of a beautiful aestheticism, the liturgical religions have something to give which advanced Protestantism would do well to cultivate if it expects to remain a religion at all.

Communism sets out to provide handsome creature comforts, luxuries, and, more than that, leisure in which man may presumably develop his mind and aesthetic faculties. It provides them at a price, of course. But in proportion as Protestantism becomes a mere humanitarianism (or by emphasis a humanitarianism) it will have less and less to disagree with in the communist program, less and less to offer in addition to such a

program; and even if it maintains its reservations, in a time of crisis, those scruples will be entirely too flimsy to stand. To repeat what has been said earlier in this essay, the real issue comes down to this: If the Christian values are *true*, if they are worth adhering to, shall they determine the civilization; or shall the economic order into which we drift determine our values by allowing to us whatever values such an economic order will permit?

Obviously, the modern world of finance-capitalism does not represent a Christian civilization; but is the movement to the left the only alternative? And if the Church has in the past compromised often and shamefully, does not a *rapprochement* with the left involve its compromises too? This last question may be given point by quoting from the conclusion of a recent article in *The Christian Century* entitled 'Must Christians Reject Communism?' The author there outlines 'the foundations of a social philosophy' on which communism and Christianity might agree:

> 1. The only forces which work any real change in politics or economics are the result of organizing the interests of some group and making them effective.
>
> 2. The change we want — a reintegration of society on a higher level — can be accomplished only by organizing the interests of a majority group.
>
> 3. The issue as to whether this can be done effectively rests with man — or rather with God — that curious power which only man seems to possess of consciously realizing his situation and molding it nearer to his desire.

The last sentence is particularly revealing. That curious power of molding situations to man's desire would seem to be science, not the Christian God, though perhaps the communist God. The author concludes by stating that the Christian in accepting communism 'need not sacrifice his Christianity, for that in its pure form has always promised that one day the

lowly will be exalted and the proud and powerful brought down.'

The phase, 'in its pure form,' obviously begs the question. The pure form is arrived at by a selection which involves disregarding among other things the statement that 'My kingdom is not of this world.' The old, troubled questioning, Why did God make man capable of sin and evil? returns here, not in the form of anguished complaint, but as an affirmation: now that we have the technical power, we will make sin impossible.

The article is a rather extreme but representative enough example of Protestantism secularizing itself out of existence — becoming conformed to this world. If the Christian assumptions are valid, then the Christian theologian and pastor, whatever the world may think, can hardly have a more important vocation. If, on the other hand, the Protestant Liberals are merely humanitarians in search of a social program, then they are perhaps right, but they are hardly Christian in any historical sense of the term, and intellectual honesty calls for the admission of the fact to themselves as well as to others.

The tendency to the left is apparently honest and courageous. I do not propose to inveigh against it on either of these grounds. But I do not believe that it holds the hope of a *Christian* civilization. It is all very well for Protestantism to become commendably zealous in rendering unto Caesar the things that are Caesar's; but in its zeal it has come very close to slighting God. And the Liberal Protestant perhaps needs to be reminded that the followers of Marx will be quite as jealous in claiming their dues as Caesar himself.

Unless Liberal Protestantism is prepared to be a religion, it is a superfluity, and it had better allow itself to be absorbed into one of the movements which puts the material well-being of man first, willing to im-

plement this through collectivization, the liquidation of certain classes, and whatever else may be necessary. But a religion may be necessary and inevitable after all. Civilizations are founded, not on ethical societies, but on religions. Communism itself is in this sense a religion, though one of the materialistic religions and one of the religions of man, burdened with his infirmities. The promise of communism to realize itself in practice rests, indeed, on the fact that it is a religion; that is, that it makes a claim to authority, that it can claim emotional allegiance, and that it has a world view. Christians who hope to short-cut to the promised land via communism will find themselves badly fooled. Without its non-Christian elements, communism would carry as little hope for practical and early fulfillment of its promises as does Liberal Christianity.

It would be a heartening sign if Liberal Protestantism could get over its sense of inferiority, could abandon its effort to keep up with the Millikans and Jeanses and Marxes, and could attempt to realize its basic function, that of a religion. This would not necessitate a return to the *crudities* of Fundamentalism, unless one believes, in an age of relativities, that belief in an absolute is crude. It would not necessitate the suppression of the social gospel, though it would involve deciding what sort of social gospel is Christian and what is not. It would not demand cessation of a radical criticism of the present economic order, though it would involve relating that criticism to a positive conception of a Christian society.

I am not certain that Protestantism has such a rally as this left in it. If it has, probably the greatest obstacle it will have to overcome is the all-pervading economic determinism embedded in such a phrase as 'You can't turn back the clock.' For the movements which seem to me to have most hope for realizing a Christian order will probably bear this stigma. They involve, on the

political and economic side, giving meaning to the sacredness of human personality and to the freedom of the will by restoring property. The proposal may sound quixotic to the modern mind. But this is a measure of the seriousness of the problem. If Liberal Protestantism has so much acquired the modern mind, if it has become so much infected with economic determinism, that it has lost its belief in the freedom of the will, then the case is hopeless indeed. For the freedom of the will implies, among other human privileges, a genius for defining objectives — not a surrender to the tyranny of the means.

The Modern Man

HILAIRE BELLOC

LEST my title should mislead I will restrict it by definition.

I write not of contemporary man in his infinite variety nor even of the modern European, but of the modern man under industrial capitalism — man as he has been formed through long association with industrial capitalism and particularly as he has been so formed in Great Britain; but not in Ireland save in the industrialist northeast corner of that island.

I write of modern man as you see him today, not only in the streets of London, Birmingham, Middlesbrough and Glasgow and the rest, but in the villages; for the whole of our State has by this time arrived at much the same type of citizen (if citizen he can be called). The countryman has become a townee: to put it more elegantly, he has 'acquired the urban mind.'

So defined, the modern man would seem to have three characteristics:

First, he has lost the old doctrinal position on transcendental things which was that of his immediate ancestry and of which the relics continued nearly to our own time.

Second, as a consequence of this he has lost his economic freedom or, indeed, the very conception of it.

Third, there has been produced in him, by this loss of economic freedom, coupled with the loss of the old

religious doctrines, an interior conception of himself which molds all his actions.

Let us develop these three characteristics and see how they are worked up to make the subject of our inquiry: the matter of the modern capitalist State.

With all those of my own generation (I am in my sixty-sixth year) I knew extremely well an older generation which was in all ranks of society fixed upon certain transcendent doctrines chosen out of the original body of Christian doctrine inherited from the conversion of the Roman Empire and its development in the Middle Ages, though England had been changed in its religious attitude by the great philosophical revolution of the sixteenth and seventeenth centuries and was positively a Protestant country (as she still is negatively a Protestant country). Those ancient doctrines which *were* retained were strongly and, I repeat, always universally held. They include the doctrines of free will, the doctrine of immortality of the soul (that is, a permanent personality) surviving death forever; the doctrine of the Incarnation — that is, the doctrine that God had become Man — which gave to the personality of man an infinite value since it was so regarded by its Creator; and the doctrine of eternal reward and punishment — reward for right and punishment for wrong-doing. There was also retained a certain code in declaring what was right and what was wrong; for instance, if you had a wife still living it was wrong to marry another wife. It was wrong to take away another man's property in order to advantage yourself. It was wrong for a public man to take a bribe and so forth, or to blackmail and so forth.

It may be objected by some that the old religious doctrines have been retained into our own day; no: not by the average man as doctrines — that is, certitudes. Some parts have been retained, but not the same parts by the mass of men. You will still find a minority at-

tached to one or the other of these doctrines. There is a large body which still holds to the doctrine of immortality divorced from the conception of eternal punishment for wrong-doing — and indeed from any punishment other than that suffered in this life.

The doctrine of the Incarnation has gone by the board. You may count up a large number of men and women who still maintain it, but most of these are in the minority — a small minority — of educated men, at least, outside the Catholic body. Most of them, moreover (outside the Catholic body), hold it as an opinion, not as a certitude; moreover, they give to it, each of them, any interpretation they choose, while the masses round them have stopped thinking of the thing altogether, let alone holding it even as an opinion. What does remain of it is a sort of vague aroma which concedes that a long-dead individual who may or may not have really existed and who is, anyhow, long dead, provided an excellent model for conduct. This model is again a figment of the individual's imagination supported occasionally by fragmentary recollection of ancient documents in themselves fragmentary.

The doctrine of free will, though inseparable from practical action, has been battered down. The conception of inevitable tendencies, of an inevitable chain of cause and effect, has superseded it. The code of right and wrong has gone, too, and with it, necessarily, the conception of eternal reward and eternal punishment.

Since a man must worship something, there has been substituted for his ancient worship the worship of the community of which he is a member. There is a new religion which is not exactly the worship of the State, but the worship of the collective body (formerly called England, now quite commonly called the Empire), of which the individual is a member.

That this new worship is vigorous and real may be proved by the test of sacrifice: that which a man wor-

ships is that for which he will sacrifice not only his comfort but, in extreme cases, his life. The modern man in millions has accepted that sacrifice. The new worship has about it all the appurtenances of a religion in their excess as well as in their normal form — ritual, myth, symbolism. You may deny any one of the old doctrines and few will be shocked, but you may not ridicule the flag or the Crown, nor interrupt the two minutes' silence on Armistice Day; and men carry in their minds symbols, often externalized in the shape of a map or of a picture, representing that which is the object of their worship.

Now as to the second point, the political consequence of this change in religion: it may be more difficult to persuade the reader that there is here a connection between the cause and effect, for with the loss of this old religion the modern man has also lost the obvious truth that a culture is based upon the philosophy it holds. Yet that truth does remain an obvious truth. If you believe in the transcendent importance and permanence of personality (that is, the immortality of the soul) and in the supreme sanctions attaching to a particular code of morals (that is, heaven and hell), you act more or less accordingly, by which it is not meant that an ideal is reached or even maintained, but that it remains an ideal and, therefore, permeates society. Thus, a man today most evil in other respects will not betray his own country nor deny the validity of its laws, though he will deny the divine authority lying behind those conceptions.

As to the third characteristic, which is the most practically important for our analysis, the effect of all these on the modern man's conception of himself, it has by this time become glaringly apparent.

We note in the first place that with a loss of the sense of free will the modern man has lost the sense of economic freedom. We note that temporal good has taken

the place of other values. We note that a moral code, including property as a *right* — not as a mere institution — has disappeared.

The profound truth contained in the phrase 'they that take the sword shall perish by the sword' is no where more clearly apparent than here. Temporal good means in practice, wealth, and the pursuit of wealth as an end, and as almost the only end, has resulted in the destruction of all those safeguards whereby the individual wealth of the many was guaranteed. As a consequence there has arisen, through the action of unlimited competition, a polity in which a few control the means of production and the many have become wage-slaves under those few. Whether thé few who control the means of production will form a stable class or no may be debated. In the immediate past and on into our own day the pursuit of wealth as the supreme god has made even the wealth of the most wealthy unstable. But there are signs that this state of affairs is ending and that the strongest of those who control the means of production are creating an organization which will render their domination permanent.

A test of all this may be discovered in the conception of 'success.' That idea is now almost wholly confined to the attainment of a position among those who control the means of production and are to that extent secure.

The derivatives of this strong attitude of mind are as clear as the attitude itself; for instance, in my own trade of writing, success does not consist in writing well, but in commanding large sums of money through one's writing. Another derivative more profound in its effect is the sacramental feeling attaching to, *not* great wealth, *not* lumps of money, but the *possession* thereof. It has become difficult or impossible for the modern man to dissociate the conception of virtue and greatness from the possession of much wealth.

But the most practically important derivative of this attitude is the acceptation by the great mass of modern men of a quasi-servile position. The modern man demands, and is at peace in, the regular enjoyment of payments doled out to him by his economic masters at regular intervals — usually at the interval of one week. To be secure in the reception of these is his chief aim, the loss of such support his chief dread. The modern man is not controlled in his actions by the fear of any ultimate spiritual effect of his actions, but of their effect upon the likelihood of his maintaining or losing this livelihood which he enjoys at the will of his economic masters. He has no objection to plutocracy — still less to its main instrument, a parliamentary system, the special mark of which is the destroying of direct popular action by the pretense of representation. The modern man is astonished to hear that others regard a king or even a despot or aristocracy as representative of the community; but he is willing to submit to the illusion that an assembly of professional politicians is in some mystical way a mirror of his own will. Though they impose upon him (through the orders of their own financial masters or through their own private interests as rich men) laws which he has never demanded and which he even detests, he accepts the myth that he is only obeying laws he himself has made.

Now it should be clear to anyone who will think lucidly and coldly upon the direction in which all this must move that it is moving toward the re-establishment of slavery. Industrial capitalism, as we now have it, the control of the means of production, distribution, and exchange (and the control of the modes, therefore, by which production, distribution, and exchange are conducted) by a few, must mean that the many are compelled to work for the profit of the few. When this state of affairs has produced insufficiency and insecurity, the obvious remedies, if we proceed upon the

line of least resistance, would be found in giving to the dispossessed (who have come to form the vast majority of those who were formerly economically free) security and sufficiency on condition that they work under the orders of the few. To be compelled to work, not by your own initiative, but at the initiative of another, is the definition of slavery. Whether slavery shall come first in the form of slavery to the State before it arrive at the final and natural and stable form of slavery to individuals — slavery it still is, and the modern man accepts such slavery in the unshakable belief that it is in the nature of things.

Propose to him economic freedom (which can only coexist with private property well distributed) and he will tell you that the system is impossible, giving as his reasons all manner of external conditions (such as the rapidity of communication, the concentration of the banking system, the cost of great units of machinery, and so forth), but having for his real reason the mere experience of his life. He has never known economic freedom. He has not seen it in action; and without experience of a thing, one cannot make a mental image of it.

Now the main political interest of this state of affairs, the political attitude of the modern man, his conception of himself as a unit in society and his conception of society as a whole, lies not so much in the fact that the modern man is heading for slavery as in the fact that he is heading for the consequent decline of our civilization.

That consequence can only come by degrees, even if the degrees be rapid in their succession.

In the first flush of any social system when it has reached its term and its perfection, it works smoothly as a machine and gives high results. One sees that not only in the economic but in the political sphere. When political action by public meeting and debate has been transformed into the rule of one man, that rule works at

first more efficiently than did the state of things before the change. Men always welcome those temporary conditions in any change which has displaced a thing grown old and fallen out of gear. A properly organized servile State, the units of which pursue their activities under carefully considered control imposed upon them, would provide a new security and a new sufficiency pleasing enough after the insecurity and destitution of the old broken-down social machinery inherited from days of freedom, but there attach to servile conditions certain characters which eventually lead to the progressive lowering of that efficiency which at first not only promised but realized. With the loss of multiple choice in the individual you arrive, to begin with, at uniformity.

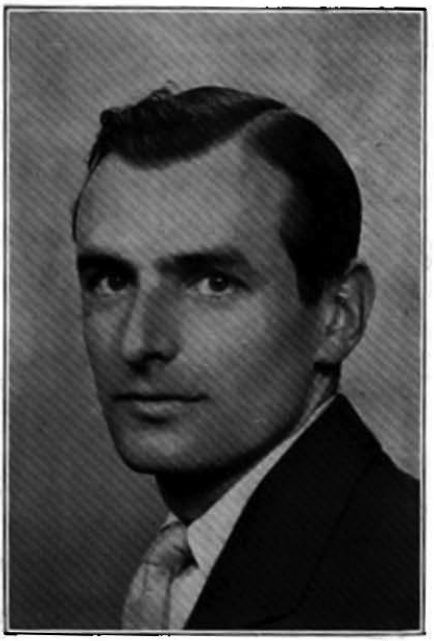
The loss of multiplicity involves sooner or later the death of artistic choice. It also involves sooner or later the lowering of energy. Social energy is a function of the zest for living. Under uniformity, imposed and controlled, the zest for living declines or disappoints. If this is true of material activity, it is still more true of spiritual activity. Anyone may note how the modern man accepts universal statements even when they are flatly contradictory to his own experience. Any man may note by looking round him how this or that object is proposed for hatred or for affection and then — since there is no spontaneity in the emotion — a contradictory object may be imposed in place of the first: and so on indefinitely.

Modern man has in the short space of half a lifetime expressed a mass of hatred for old President Kruger, for the very ineffectual former Emperor of Germany, for the judges of Captain Dreyfus in the French Army. He may, by the time these words appear, have been stuffed with a similar mass hatred of the head of the Italian State.

It is customary to ascribe to the influence of the press

the cause of this development, but that is putting the cart before the horse. The press in its present degradation (and though that may seem impossible today, it will probably get worse) is but a function of the modern mind. It reacts upon that which creates it as every effect reacts upon its cause, but the chain of cause and effect is not first the press and then the mentality of the modern urban reader thereof, it is first the modern urban reader thereof with his modern mind and then the press which is consonant with such material.

The few who have perceived these truths, the few who can contrast the modern man with that immediate ancestry of his age, but have forgotten, know that the remedy can only be found in a change of philosophy; that is, of religion. They know further that the material test of this change and at the same time the prime condition which would foster the change would be the reinstitution of private property and its extension to a determining number of the community. But those who see this are few. It is their duty to work upon the lines which their knowledge of the trouble suggests, but it is also their duty not to deceive themselves upon the conditions of their task. It is their duty to realize that this task has become exceedingly difficult of achievement, that the difficulty is increasing, and that therefore they must bear themselves as must all those who attempt a creative effort at reform: that is, as sufferers who will probably fail.



BORN in New York City in 1897, Herbert Agar was educated at Princeton and Columbia. After winning the Pulitzer prize in History in 1934 for his book, 'The People's Choice,' he returned from six years in England, traveled the length and breadth of America, and recorded his impressions in 'Land of the Free,' a volume foreshadowing the new symposium, 'Who Owns America?' edited in collaboration with Allen Tate. Mr. Agar and his wife, Eleanor Carroll Chilton, the novelist, have recently settled in Louisville, Kentucky, where he is an Associate Editor of the *Courier-Journal* and author of the widely syndicated newspaper column, 'Time and Tide.' In addition to his distinction as an economist and historian, Mr. Agar is also known as a novelist, poet, playwright, critic, and lecturer.